

MURANG'A COUNTY ASSEMBLY



Twitter: @Murangaassembly
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P. O. Box 731 – 10200
MURANG'A

Along Kiriaini Rd, Opposite Ihura Stadium
Email: murangacountyassembly@gmail.com
Tel: 0719 – 802 495

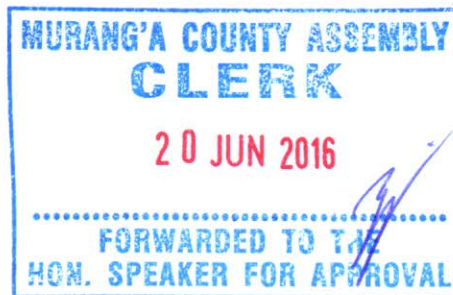
June 20, B2016

The Hon. Speaker

Thro'

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

MURANG'A



RE: PAPER LAID

Mr. Speaker Sir,

THAT; the report of the Finance and Economic Planning Committee, on the 1st Quarter Financial report for Financial Year 2015/2016, be laid on the table of the Assembly today Tuesday June 21, 2016.

Thank You

Mr. Speaker

Hon. Joseph Kimani Gitau

CHAIRPERSON, FINANCE AND ECONOMIC PLANNING COMMITTEE

REPUBLIC OF KENYA



MURANG'A COUNTY ASSEMBLY
CLERK

20 JUN 2016

FORWARDED TO THE
HON. SPEAKER FOR APPROVAL

MURANG'A COUNTY ASSEMBLY

FIRST ASSEMBLY

THE FINANCE & ECONOMIC PLANNING COMMITTEE REPORT ON THE FIRST
QUARTER FINANCIAL REPORT FOR THE FY 2015/16

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

June 2016,

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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

April 27, 2016

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, May 6 to Sunday, May 8, 2016, the committee studied the financial report for the FY 2015/16 and an additional report on some items submitted on Thursday, September 11, 2014.

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 2015/16
- 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) Scrutinized in detail and discussed the Annual Financial report for the Financial year 2015/16
- b) Analyzing the itemized expenditure reports for the Financial year 2015/16

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 2015/16

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 Environment and Natural Resources, Public Service Board and Transport and Water Services were the mostly affected in their recurrent budgets. In the development budget, several departments also did not spend the funds allocated such as Finance and Economic Planning by 4.1 million, Agriculture by 3.4 million, Trade and Enterprise by 12.1 million, Education by 46.8 million, Land Housing and Physical planning by 14.9 million and Youth Culture and Social Services by 57.9 million.

4.2.2 The Committee noted that several departments over expended their recurrent budgets as follows: County Assembly by 7.4 million, Coordination and Administration by 36.5 million, Finance and Economic

Planning by 5.2 million, Agriculture and Livestock by 6.5 million, Education by 2.9 million, Health and Sanitation by 7.1 million, Youth, Culture and Social Services by 9.9 million.

The departments that over expended their development budgets are as follows: Transport by 50.4 million, Health and Sanitation by 13.1 million.

4.2.3 Further, the committee found out that various departments did not prioritize development expenditure. They include County Assembly, Coordination and Administration, Public Service Board, Environment and Natural Resources and Public Service and Administration.

The summary in the tables below depicts the budgeted amount, the requisitions made as at 31st September, the actual spent and the variances of all the departments.

Table 1: First Quarter Recurrent Expenditure for FY 2015/16

| Department | Budget Allocation | Requisitions X | Expenditure Y | Variance I (Y-X) |
|--|-------------------|----------------|---------------|------------------|
| County Assembly | 588991000 | 8184300 | 89233546 | 7390546 |
| Coordination and Administration | 218372000 | 28822667 | 65344590 | 36521923 |
| Finance and Economic Planning | 242243000 | 41420250 | 46611694 | 5191444 |
| Agriculture, Livestock and Environment | 141343000 | | 32811900 | 6453233 |
| Transport, Water and Infrastructure | 44722000 | 10033500 | 5171828 | 4861672 |
| Trade, Enterprise and Market | 6130000 | 1220333 | 483400 | 736933 |
| Education IT and Tourism | 172800000 | 8120000 | 11071920 | 2951920 |
| Health and Sanitation | 1117205000 | 193287917 | 200429692 | 7141775 |
| Land, Housing and Physical Planning | 11284000 | 1423667 | 67500 | 1356167 |
| Public Service Board | 40004000 | 6117000 | 0 | 6117000 |
| Youth, Culture and Social Services | 37153000 | 6011750 | 15926986 | 9915236 |
| Environment and Natural Resources | 9100000 | 948833 | 0 | 948833 |
| Public Service and Administration | 727625000 | 116935416 | 3782595 | 113152821 |

Table 2: First Quarter Development Expenditure for FY 2015/16

| Department | Budget Allocation | Requisitions (X) | Expenditure (Y) | Variance I (Y-X) |
|--|-------------------|------------------|-----------------|------------------|
| County Assembly | 255583000 | 0 | 0 | 0 |
| Coordination and Administration | 6100000 | 0 | 0 | 0 |
| Finance and Economic Planning | 873200000 | 10000000 | 5943097 | 4056903 |
| Agriculture, Livestock and Environment | 102264000 | 29500500 | 26142751 | 3357249 |
| Transport, Water and Infrastructure | 708500000 | 110000000 | 160386491 | 50386491 |
| Trade, Enterprise and Market | 146000000 | 39000000 | 26922966 | 12077034 |
| Education IT and Tourism | 92000000 | 4000000 | 50825607 | 46825607 |
| Health and Sanitation | 437048000 | 105500000 | 118059219 | 13059219 |
| Land, Housing and Physical Planning | 103280000 | 160000000 | 1022382 | 14977618 |
| Public Service Board | 5500000 | 0 | 0 | 0 |
| Youth, Culture and Social Services | 464240000 | 105000000 | 47115059 | 57884941 |
| Environment and Natural Resources | 82625000 | 0 | 0 | 0 |
| Public Service and Administration | 25400000 | 0 | 0 | 0 |

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; Transport, Water and Infrastructure, Environment and Natural Resources, Youth, Culture and Social Services and Health and Sanitation programs.

RECOMMENDATIONS

The committee made the following recommendations:-

5.1 That the departments had low absorption of their budget allocation such as Transport, Water and Infrastructure, Trade Enterprise and Development, Land Housing and Physical Planning, Public Service Board and Environment and Natural Resources should first exhaust their budget before embarking on the budget of Financial Year 2016/17. 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 2017.

5.2 That votes that were over-spent such as County Assembly by Kshs. 7.4 million, Coordination and Administration by Kshs.36.5 million, Finance and Economic Planning by Kshs.5.2 million, Agriculture and Livestock by Kshs.6.5 million, Education by Kshs.2.9 million, Health and Sanitation by Kshs.7.1 million, Youth, Culture and Social Services by Kshs.9.9 million, Transport by Kshs.50.4 million, Health and Sanitation by Kshs.13.1 million should receive less allocation by the amount they exceeded, unless a convincing explanation is availed to that effect, in the FY 2016/17 Budget to ensure that departments/sectors stick to their budgets.

5.4 That all Executive committee members should appear before their respective sectoral committee to clearly explain the budget implementation status for their departments. The CEC Members should have a common report showing the proposed projects in the Financial Year 2015/16 and the projects that have been completed as at May 2016. They should also give an explanation as to why some of the projects have not been implemented yet money was allocated.

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 2017 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 First Quarter Financial report for the financial year 2015/16.

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 June, 2016

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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8) Hon. Charles Mwangi Kirigwi, MCA



9) Hon. Joseph Kimani Machiri, MCA

