

MURANG'A COUNTY ASSEMBLY



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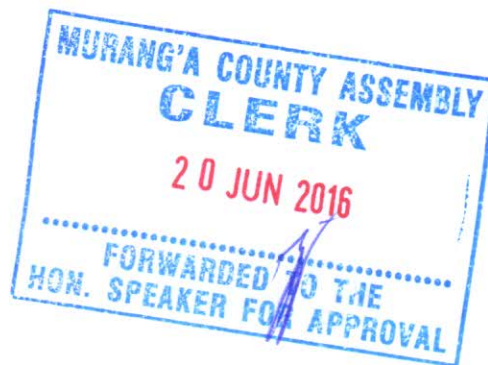
June 20, B2016

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 2nd 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

FIRST ASSEMBLY

THE FINANCE & ECONOMIC PLANNING COMMITTEE REPORT ON THE SECOND
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

Assembly. The reports were submitted on Wednesday, ^{April 27, 2016} 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 behaviour 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 Second Quarter Financial report for the Financial year 2015/16
- b) Analysing 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: Second Quarter Recurrent Expenditure for FY 2015/16

Department	Budget Allocation	Requisitions X	Expenditure Y	Variance I (Y-X)
County Assembly	588991000	120,000,000	70,371,122	(49,628878)
Coordination and Administration	218372000	67,200,000	14,923,790	(52,276,210)
Finance and Economic Planning	242243000	75,840,000	61,512,598	(14,327,402)
Agriculture, Livestock and Environment	141343000	50,000,000	3,863,099	(46,136,901)
Transport, Water and Infrastructure	44722000	15,550,000	6,113,452	(9,436,548)
Trade, Enterprise and Market	6130000	1,930,000	557,740	(1,372,260)
Education IT and Tourism	172800000	64,955,000	70,342,289	5,387,289
Health and Sanitation	1117205000	424,000,000	560,947,124	136,947,124
Land, Housing and Physical Planning	11284000	3,840,000	1,175,027	(2,664,973)
Public Service Board	40004000	14,560,000	4,889,554	(9,670,446)
Youth, Culture and Social Services	37153000	14,400,000	3,241,380	(11,158,620)
Environment and Natural Resources	9100000	2,800,000	4,550,000	1,750,000
Public Service and Administration	727625000	270,925,000	290,191,081	19,266,081

Table 2: Second 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	31,000,000	171,074,767	140,074,767
Agriculture, Livestock and Environment	102264000	25,200,000	34,119,949	8,919,949
Transport, Water and Infrastructure	708500000	374,300,000	187,366,794	(186,933,206)
Trade, Enterprise and Market	146000000	35,000,000	31,650,675	(3,349,325)
Education IT and Tourism	92000000	8,000,000	79,688,598	71,688,598
Health and Sanitation	437048000	213,600,000	176,024,223	(37,575,777)
Land, Housing and Physical Planning	103280000	16,200,000	0	(16,200,000)
Public Service Board	5500000	0	0	0
Youth, Culture and Social Services	464240000	142,800,000	197,696,379	(54,896,379)
Environment and Natural Resources	82625000	0	0	0
Public Service and Administration	25400000	0	5,000,000	5,000,000

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; Agriculture, Livestock and Fisheries, Transport, Water and Infrastructure, Youth, Culture and Social Services.

RECOMMENDATIONS

The committee made the following recommendations:-

5.1 That the departments had low absorption of their budget allocation such as County Assembly, Transport, Water and Infrastructure, Trade Enterprise and Development, Land Housing and Physical Planning, Youth, Culture and Social Services 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 Education and Technical Training by 5.4 million, Health and Sanitation by 136.9 million, Environment and Natural Resources by 1.7 million and Public Service Administration by 19.3 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 committees 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 Second 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
- 8) Hon. Charles Mwangi Kirigwi, MCA
- 9) Hon. Joseph Kimani Machiri, MCA



Handwritten signatures of the committee members on dotted lines, corresponding to the list on the left. The signatures are in blue ink and include names like 'Gitau', 'Wandia', 'Kihungi', 'Ngugi', 'Njine', 'Ndegwa', 'Njoroge', 'Kirigwi', and 'Machiri'.