

Table on
10/02/2015
Hon Peter Mweri
Chair Budget

REPUBLIC OF KENYA



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

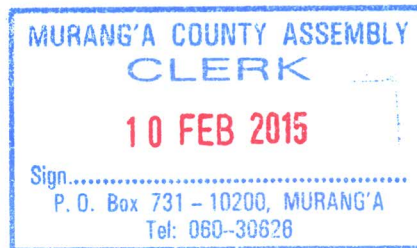
Forwarded
to Hon Speaker
10/2/15

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 Budget and Appropriations Committee Report on the County Budget Review Outlook Paper for FY 2014/2015

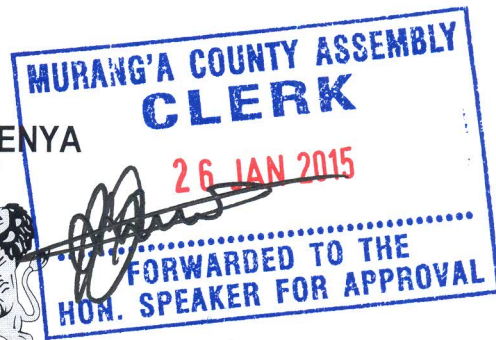
Hon. Peter Mweri Maina, MCA

(Chairperson Budget & Appropriations Committee)

Signed: 

Date:

REPUBLIC OF KENYA



MURANG'A COUNTY ASSEMBLY

FIRST ASSEMBLY

**THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE COUNTY
BUDGET REVIEW OUTLOOK PAPER FOR FY 2014/15**

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

February 2015

Table of contents

Table of Contents.....	2
1.0 Background.....	3
2.0 Objectives of the study.....	4
3.0 Methodology.....	4
4.0 Findings.....	4
5.0 Recommendations	7
6.0 Conclusion.....	8
7.0 Adoption of the report	9

1.0 BACKGROUND

The County Budget and Appropriation Committee is established under Standing Order 190(3) and 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.

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

- | | |
|---------------------------------------|------------------|
| 1. Hon. Peter Mweri Maina, MCA. | Chairperson |
| 2. Hon. Joseph Muchina, MCA. | Vice Chairperson |
| 3. Hon. Joseph Kimani Gitau, MCA | |
| 4. Hon. Joseph Kimani Machiri, MCA | |
| 5. Hon. Rosemary Wakuthii Njiine, MCA | |
| 6. Hon. Francis Kamande Kamau, MCA | |
| 7. Hon. John Kiarie Ngugi, MCA | |
| 8. Hon. Esther Wanjiru Ngugi, MCA | |
| 9. Hon. Cecilia Wanjiku Gitu, MCA | |
| 10. Hon. Charles Mwangi Kirigwi, MCA | |
| 11. Hon. Duncan Mwangi Njuguna, MCA | |
| 12. Hon. John Njoroge Gitau, MCA | |
| 13. Hon. Eliud Kabuthi, MCA | |
| 14. Hon. Caroline Njoroge, MCA | |
| 15. Hon. James Kariuki Ngugi, MCA | |
| 16. Hon. Boniface Mbogo, MCA | |
| 17. Hon. Jesse Mburu Gitau, MCA | |

Budget Review and Outlook Paper is prepared in accordance with section 118 of the Public Finance Management Act, 2012. The law states that:

- i. The county Treasury shall prepare and submit to County executive for approval, by 30th September in each financial year, a BROP which include;
 - a) Actual fiscal performance of the previous financial year compared to the budget appropriation for the year
 - b) Information on how actual financial performance for previous financial year may have affected compliance to the fiscal responsibility principles.
 - c) Reasons for any deviation and the time estimated to do so.
- ii. County executive shall consider the BROP with view to improving it, without amendments, not later than fourteen days after submission.

iii. Not later than seven days after CBROP has been approved by County executive, the County Treasury shall submit the paper to Budget and Appropriations Committee of the County Assembly for laying before the House.

The Department on Finance ICT and Planning submitted to the Assembly Budget Review and Outlook Paper that was tabled in the House On October 22, 2014 and committed to relevant committees.

In a workshop held from Friday, November 16 to Sunday 18, 2014, the committee examined the County Budget Review Outlook Paper (CBROP) and the reports of the Sectoral committees on the aforementioned paper.

In the meeting, the committee had invited the Director of Budget to clarify the issues that members felt carried much wait.

2.0 OBJECTIVES OF THE STUDY

The committee set out the following objectives:

- a) To establish Compliance with the legal framework in preparation of the CBROP
- b) To review the County Fiscal performance for the financial year 2013/14
- c) To examine the Sectoral committees' reports on the past fiscal performance and the proposed Sector ceilings for the FY 2015/16.
- d) To scrutinize revenue and expenditure projections in the FY 2015/16

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 sectoral committees' reports on the County Budget Review Outlook paper regarding their respective sectors/departments.

4.0 FINDINGS

4.1 Compliance of the CBROP with the legal framework and format

While examining the paper with regard to adherence to the laid down legal framework, the committee found out that:-

4.1.1 The Fiscal performance of the County in FY 2013/14 has not been presented in tabular form for ease of understanding as prescribed by the National Treasury County Budget Operations Manual in addition to the descriptive format.

4.1.2 The County own Revenue performance one of the sections which is analytical, that provides a breakdown of actual amounts of all sources of revenue, during the past two financial years, the targets of the respective revenue sources during the immediate past financial year, deviation and the percentage growth.

4.1.3 The County Expenditure performance has no clearly described the behavior of the total expenditure aggregates between the actual and targets with top five expenditure items that make up the aggregate. In addition, a supplementary table with greater detail of breakdown of expenditures has not been included to aid clarity.

4.1.4 The County Budget Review Outlook Paper (CBROP) lacks a section on the implication of the FY 2013/14 – FY 2014/15 fiscal performance that helps to draw the implications of the County's performance against the fiscal responsibility principles laid out in the PFM Act 2012 and the Murang'a County Government's financial objectives, as contained in the FY 2014/15 County Fiscal Strategy Paper (CFSP). For instance low absorption capacities of some County departments imply that expenditure ceilings are too high and need to be adjusted in the FY 2015/16 County Fiscal Strategy Paper.

4.1.5 The County Budget Review Outlook Paper (CBROP) under the **Recent Economic Development and Outlook** lacks a section on the County economic outlook and policies that clearly presents what Murang'a County will be doing to grow its economy through interactions with other Counties and/or the National Government, synergies and joint policy initiatives that the County intends to pursue to spur economic growth.

4.1.6 The Medium Term Expenditure Framework has not been presented in an analytical form the total sector ceilings, outlining the estimates for FY 2013/14, ceilings in the FY 2014/15 per sector/department and the projected ceilings for the FY 2015/16.

4.2 The County Fiscal performance for the financial year 2013/14

4.2.1 The committee observes that local revenue collection performed poorly where Kshs. 421.7 million was collected against a target of Kshs. 800 million, reflecting a deficit of Kshs. 378.3 million. This was attributed to lack of an appropriate revenue system.

4.2.2 Development expenditure reported a low absorption rate. The committee found out that the low absorption rate was caused by spilling of some programmes over this financial year, which the committee feels is occasioned by delays in implementation and poor planning.

4.3 Sectoral committees' reports on the past fiscal performance and the proposed Sector ceilings for the FY 2015/16.

4.3.1 The Report of the Sectoral committee on Governance, Labour and Social Welfare and Justice and Legal affairs was scrutinized by the committee and it observed that the transfer of payroll for 30 officers serving within the jurisdiction of Murang'a County (Gatanga Sub-County) but drawing their salaries from Kiambu County is yet to be done and should be fast track and the salaries included in the FY 2015/16. Further, the committee noted that, the Murang'a County Public Service Board being an independent Board needs adequate funds. The proposed allocation of Kshs. 99 million in the FY 2015/16 is insufficient.

4.3.2 The Committee also examined the report of the Sectoral committee on Agriculture, Livestock and Fisheries Department that found out that the pig abattoir which have been allocated 20 million shillings is not necessary since the abattoir at Maragua is serving the county appropriately. The committee also noted that proposed that poultry project and bee farming programs are not viable for the County.

Further, the committee observed that Fodder allocation had been over-emphasized while viable programs such as avocados and milk coolers programs had been neglected.

In addition, the committee felt that the department of agriculture had embarked on too many programs simultaneously, most of which were free that defeated fiscal prudence and viability.

4.3.3 The report from the Sectoral Committee on Education, ICT and Technology clearly shown that undue attention was focused on County boarding and primary schools as well as education support, which are National Government's functions having been allocated 40% of the total budget in the department. Ironically, allocation to Youth polytechnics and ECDE centers is 12% of the department's budget, despite them being fully devolved. The Committee felt that priorities in that department are completely misplaced and there is need for a paradigm shift from the current state of affairs

4.3.4 The report of the Sectoral Committee on Finance, IT and Economic Planning pointed that policies clear-cut policies need to be put in place to guide the implementation of programs such as youth, women and PWD empowerment to ensure fairness and accountability.

4.3.5 The Committee also examined the reports from the Sectoral committees' on Lands and physical planning, Trade, Commerce and Industry, Youth, Sports and Culture, Transport and Infrastructure, Health and Water and Cooperative development. The Committee observed that allocation to the key programs and projects had been done without careful consideration that impeded optimal use of public funds and effective

implementation of those projects. Further, the committee felt that it would be absurd to repeat the same mistake in the FY 2015/16 Budget.

4.4 Revenue and expenditure projections in the FY 2015/16

The Committee found out that it was not clear on the criterion that was used to determine the proposed sector ceilings as entrenched in the County Budget Review Outlook Paper. Some departments like Health and sanitation, transport and Education needed colossal allocations for effectiveness. The committee therefore felt that inflation rate and Economic growth rate as projected by the Kenya National Bureau of Statistics and the National Treasury for the year 2015 are eminent basis upon which revenue and expenditure can be adjusted.

5.0 RECOMMENDATIONS

The committee made the following recommendations:-

5.1 That the next County Budget Review Outlook Paper should be prepared in line with the guidelines set out in the National Treasury County Budget Operations Manual.

5.2 That sessional papers from all departments on all proposed programs should be tabled in the County Assembly for approval so as to help in weeding out unproductive and unviable programs. Markedly, all officers who are charged with the responsibility of implementing programs should sign performance contracts so that any loss of funds and poor performance consequent to their implementation can be remedied by stringent measures such as dismissal and forensic audit.

5.3 That no programs that purport to offer free goods to the populace in Murang'a County should be infused in the FY 2015/16 Budget since they are likely to create breeding grounds for corruption on those who are tasked with implementation as well as cultivating unproductive culture of over-dependence on the government. Instead programs on provision of subsidized goods and services should be developed and policies to guide their implementation with objective cost analysis being given.

5.4 That all programs relating to the National Government functions should be disregarded in the FY 2015/16 budget except the key interventionist programs such as scholarship. This is due to the fact that they are a great impediment to the discharge of the County's mandate as stipulated under the Fourth Schedule of the Constitution of Kenya 2010. Notably allocation for youth polytechnics and ECDE centers is very minimal compared to the allocation in respect of the Primary schools, which is a National Government function.

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 help in prudent allocation and setting of sector ceilings in the County Fiscal Strategy Paper 2015 and inform initiation of other programs.

5.6 That when setting sector ceilings, due consideration should be given on priorities, viability and reasonability. Particularly, recurrent expenditures should be grown at 6.02% while revenue should be adjusted by 10.41% of the Current budget, which is the projected Country's inflation rate and the projected Country's average economic growth rate respectively in the year 2015 according to the Kenya National Bureau of Statistics.

5.7 That when setting sector ceilings consultations with the County Assembly's sectoral committees is inevitable. In addition, thorough research on the proposed programs is critical to promote efficiency and effectiveness in discharge of the County's functions.

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 County Budget Review Outlook Paper.

Mr. Speaker Sir,

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

Signed



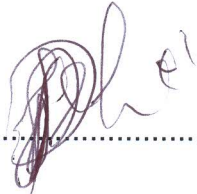
The Hon. Peter Mweri Maina, MCA
Chairperson, Budget and Appropriations Committee

Date **February, 2015**

7.0 ADOPTION OF THE REPORT

The following Committee Members adopted the report:

1. Hon. Peter Mweri Maina, MCA.


.....

2. Hon. Joseph Muchina, MCA.

.....

3. Hon. Joseph Kimani Gitau, MCA


.....


4. Hon. Joseph Kimani Machiri, MCA


.....

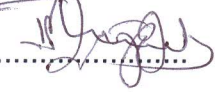
5. Hon. Rosemary Wakuthii Njine, MCA


.....


6. Hon. Francis Kamande Kamau, MCA


.....

7. Hon. John Kiarie Ngugi, MCA


.....

8. Hon. Esther Wanjiru Ngugi, MCA


.....

9. Hon. Cecilia Wanjiku Gitu, MCA


.....

10. Hon. Charles Mwangi Kirigwi, MCA

.....

11. Hon. Duncan Mwangi Njuguna, MCA

.....

12. Hon. John Njoroge Gitau, MCA



.....

13. Hon. Eliud Kabuthi, MCA

.....

14. Hon. Caroline Njoroge, MCA

.....

15. Hon. James Kariuki Ngugi, MCA

.....

16. Hon. Boniface Mbogo, MCA

.....

17. Hon. Jesse Mburu Gitau, MCA

.....