

REPUBLIC OF KENYA



COUNTY ASSEMBLY OF BOMET

FIRST ASSEMBLY- FOURTH SESSION

BUDGET AND APPROPRIATION COMMITTEE

11TH REPORT

ON THE BOMET COUNTY MTEF BUDGET FOR 2016/17-2018/19 AND ANNUAL BUDGET FOR THE YEAR ENDING 30TH JUNE, 2017

JUNE 2016



Tabled on 15/6/2016 at 2:30 pm
Ag. Clerk

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1 PREFACE

1.1 Background

On behalf of the Members of the Budget Committee and as required under standing order No. 190, I take this opportunity to present to the House, the Committee's Report on the Medium Term Expenditure Framework Budget 2016/17-2018/19 and Annual Budget for the year ending 30th June, 2017 as submitted to the County Assembly by the Executive Committee Member for Finance and Clerk of the County Assembly.

Mr. Speaker Sir,

The constitution and the PFM Act placed significant responsibilities on the County Assembly over the management of public resources particularly with regard to resource mobilization, allocation, monitoring and control.

Mr. Speaker sir,

The Budget and Appropriation committee as currently constituted comprises of the following Honorable members:

1. Hon. Benard Ngeno – Chairperson
2. Hon. Reuben Langat V. Chair
3. Hon. Robert Serbai
4. Hon. Josphat Kirui
5. Hon. Samwel Bor
6. Hon. Philip Siele
7. Hon. Leonard Kirui
8. Hon. Wilson Keter
9. Hon. John Molel
10. Hon. Samson Towett
11. Hon. Leah Kirui
12. Hon. Julius Korir
13. Hon. Andrew Maritim

1.1 Mandate of the Committee

The standing order No. 190 establishes the Budget and Appropriation Committee with specific mandate 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 County Assembly.*
- c) *Examine the County Fiscal Strategy Paper presented to the County Assembly;*
- d) *Examine Bills related to the County budget, including Appropriations Bills; and*
- e) *Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.*

Mr. Speaker Sir,

In line with the provision of section 129 (1), (2), (3) of the PFM Act 2012, the County Executive Committee Member for Finance is required to submit the County Government Budget Estimates (excluding budget estimates for the assembly) to the County Assembly by the 30th April each year. The Act also provides that Each County Assembly Clerk shall prepare and submit to the County Assembly the budget estimates for the County Assembly and a copy submitted to the executive member for finance for his comments.

The Act under Section 131 further states that, the County Assembly shall consider the budget estimates with a view to approving them, with or without amendments in time for the relevant appropriation law required to implement the budget to be passed by 30th June in each year.

Mr. Speaker sir,

Section 210(5) of the Standing Orders states that,

“The Budget and Appropriations Committee shall discuss and review the Estimates and make recommendations to the County Assembly, taking into account the recommendations of the Sectoral Committees, the views of the County Executive Member for Finance and the public.”

1.2 EXAMINATION OF THE BOMET COUNTY BUDGET ESTIMATE FY 2016/2017

Mr. Speaker Sir,

In line with the Constitution and the PFM Act, the budget estimates for the two arms of County Government, namely The County Executive and The County Assembly were submitted to the County Assembly by 30th April, 2016.

Mr. Speaker sir,

In reviewing the County Budget Estimates the committee conducted a comprehensive consultative process. The Committee held twenty five (25) public hearing forums, one in each of the twenty five wards to engage the members of the Public in line with Article 201(a) of the Constitution. The Committee also managed to obtain views and recommendations of all Sectoral committees on the budget estimates. The sectoral committees initially sought clarifications from their respective C.E.Cs before submitting their views to the Committee on Budget and Appropriation.

The committee further held a consultative meeting with the C.E.C for Finance on 3rd and 14th June 2016.

The views, **Mr. Speaker sir**, were required to allow the Committee members to make an informed decision on the budget estimates.

1.3 ACKNOWLEDGEMENT

Mr. Speaker sir,

I wish to thank the members of Budget and Appropriation Committee for their dedicated commitment to the end. Budget process is a time consuming task which requires one to sacrifice valuable personal time to be accomplished. The Committee is grateful to the members of the public who showed keen interest and turned up in large numbers to submit their views. Their participation and contributions was invaluable to the decisions the committee undertook. The committee extend its gratitude to the assembly administration for the technical, administrative and financial support received as it discharged its mandate of reviewing and reporting on the budget Estimates. The Committee is also grateful to the Sectoral committees who actively participated and provided their submissions.

1.4 Affirmation and approval

Mr. Speaker sir,

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

Signed-----

THE HON. BENARD NGENO

CHAIRPERSON, BUDGET & APPROPRIATION COMMITTEE

Date-----

We, honourable members of the committee on Budget & Appropriation, do hereby affix our signatures to this report to affirm our approval and confirm its accuracy, validity and authenticity:-

No.	Name	Position	Signature
1.	Hon. Benard Ngeno	Chairperson	<i>Benard Ngeno</i>
2.	Hon. Reuben Langat	Vice Chairperson	<i>Reuben Langat</i>
3.	Hon. Leonard Kirui	Member	<i>Leonard Kirui</i>
4.	Hon. Samwel Bor	Member	<i>Samwel Bor</i>
5.	Hon. Josphat Kirui	Member	
6.	Hon. Philip Siele	Member	
7.	Hon. Wilson Keter	Member	<i>W.K</i>
8.	Hon. John Molel	Member	<i>John Molel</i>
9.	Hon. Leah Kirui	Member	<i>Leah Kirui</i>
10.	Hon. Samson Towett	Member	<i>Samson Towett</i>
11.	Hon. Julius Korir	Member	<i>Julius Korir</i>
12.	Hon. Robert Serbai	Member	<i>Robert Serbai</i>
13.	Hon. Andrew Maritim	Member	

DETAILED ANALYSIS OF BOMET COUNTY GOVERNMENT MTEF BUDGET ESTIMATES;

1.4 SALIENT ISSUES

The following salient issues were noted in the submitted executive MTEF Budget 2016/17-2018/19 and annual Budget for the year ending 30th June, 2017.

- I. The submitted programme based budget was not up to standard (outputs and targets were not clear). The details of projects to be implemented were not shown in the PBB estimates. As granted by the committee, an attempt by the CEC for Finance to re-submit the document did not yield any meaningful output.
- II. The Budget was not balanced when the two budgets, Assembly and Executive, were combined. The law requires the two budgets to be submitted independently by both the CEC for Finance and the Clerk of the Assembly.
- III. The submitted budget did not conform to the CFSP ceilings and as required by PFM Act, no memorandum explaining the changes was provided. The CEC later attributed the changes to the PFM regulations which sought to revise Assembly allocations to 7% of the total revenue.
- IV. Recurrent expenditure was captured as development expenditure in a number of departments. These included cash transfer to the old age persons & PWDs in social services, hire of ambulances in medical services and Bursaries in education.
- V. Revenue/A.I.A from Bomet Water company was not disclosed

1.5 Conformity to the PBB format as required by law

As required by Section 12 of the second schedule of the PFM Act 2012 implementation of Programme Based Budgeting for the County Governments commenced in the 2014/15 financial year.

The submitted budget did not fully conform to the programmed based format. The part which provides development expenditure should have specified each and every project to be implemented. Review of the National government budget for FY 2016/17 reveals that all the projects budgeted for in the MTEF budget were clearly shown. If National government could

show the projects despite its coverage, why is it that Bomet County Treasury finds it difficult to provide similar details?

The CEC for Finance initially offered to address the issue but later submitted that the projects will be captured through work plans which were not immediately available. The committee concluded that the reasons provided for non-inclusion of projects in the Budget estimates for FY 2016/17 were evasive and unsatisfactory. Approving a budget without projects is tantamount to approving a blank cheque.

1.6 Revenue

The total revenue estimates for Bomet County Government for the financial year 2016/17 amounts to Kshs. 5,644,992,676 comprising of Kshs. 5,170,521,981 from the national government, Kshs 207,709,568 from the local revenue and Kshs. 266,761,127 as conditional grants.

As submitted, the total expenditure for executive budget amounted to **Ksh. 5,268,416,468** and that of Assembly amounted to **Ksh.635, 663,137** totaling to **Ksh. 5,904,079,605**. It was therefore evident that adjustments had to be made in order to address the deficit of **Ksh. 259,086,929**.

The revenue collected from water sector was not disclosed as part of the local revenue. *Section 109(2) of the PFM Act 2012 states that The County Treasury for each county government shall ensure that all money raised or received by or on behalf of the county government is paid into the County Revenue Fund, except money that—*

- (a) is excluded from payment into that Fund because of a provision of this Act or another Act of Parliament, and is payable into another county public fund established for a specific purpose;*
- (b) may, in accordance with other legislation, this Act or County legislation, be retained by the county government entity which received it for the purposes of defraying its expenses; or*
- (c) is reasonably excluded by an Act of Parliament as provided in Article 207 of the Constitution.*

If the revenue from water is used to defray the day to day expenses in the sector then the revenue collected should be declared as appropriation in aid (A.I.A).

1.7 Resource Allocation to Personnel Emoluments

Allocations to Personnel Emoluments in the Executive submitted Budget exceeded the ceiling set in the PFM regulations. The PFM regulations states that allocations to personnel emoluments

should not exceed 35% but the submitted budget had allocated Ksh. 39% to personnel emoluments.

1.8 Adherence to CFSP ceilings

1.8.1 Deviations of the PE from the CFSP Ceilings

Section 129 2(a),(b) states that; following approval by the County Executive Committee, the County Executive Committee member for finance shall—

(a) Submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year; and

(b) that the CEC member for finance shall ensure that the estimates submitted are in accordance with the resolutions adopted by the county assembly on the county fiscal strategy paper.

The committee however noted that the executive submitted a budget which did not adhere to the ceilings. The table below presents the ceilings for various sectors as per 2016/17 budget submitted estimates as compared to the ceilings approved in the County Fiscal Strategy Paper for 2016/2017 FY (approved in March 2016).

ANALYSIS OF PE BETWEEN THE SUBMITTED BUDGET AND CFSP CEILINGS				
	SUBMITTED BUDGET (A)	CFSP (B)	CHANGE (A-B)	%
SPENDING UNITS				
COUNTY EXECUTIVES	164,007,525	202,550,000	-38,542,475	-19%
PUBLIC SERVICE BOARD	19,347,540	23,803,652	-4,456,112	-19%
ADMINISTRATION	430,070,578	284,500,000	145,570,578	51%
FINANCE & ECONOMIC PLANNING	175,678,760	158,645,874	17,032,886	11%
LANDS, PUBLIC HEALTH AND ENVIRONMENT	192,496,758	208,650,000	-16,153,242	-8%
SOCIAL SERVICES	45,206,029	38,500,000	6,706,029	17%
MEDICAL SERVICES	472,366,896	489,800,000	-17,433,104	-4%

AGRI-BUSINESS, COOPERATIVES & MARKETING	178,709,246	156,000,000	22,709,246	15%
WATER SERVICES	86,186,032	36,500,000	49,686,032	136%
EDUCATION AND VOCATIONAL TRAININGS	198,304,919	172,700,000	25,604,919	15%
ROADS, TRANSPORT AND PUBLIC WORKS	47,857,068	56,400,000	-8,542,932	-15%
ICT, TRAINING AND INDUSTRY	60,854,665	28,700,000	32,154,665	112%
COUNTY ASSEMBLY	286,104,300	286,104,000	300	0%
Total	2,357,190,316	2,142,853,526	214,336,790	10%

The above table indicates a drastic rise of the PE in the department of Administration (145,570,578, 51%); Water services (49,686,032, 136%) and ICT, Training & Industry (32,154,665, 112%). The table reveals that none of the spending units except County Assembly adhered to the ceilings approved in the CFSP 2016. The CEC for Finance did not submit any memorandum to explain the changes. He only later attributed the changes to re-organized structure of the government which when traced; one cannot see the relationship since employees moves with their salaries which was not the case in the submitted budget.

1.8.2 ANALYSIS OF THE OPERATIONS AND MAINTENANCE

COMPARISON ANALYSIS OF O&M ON CFSP AND SUBMITTED BUDGET RELATIVE TO THE RECENT SUPPLEMENTARY BUDGET					
SPENDING UNITS	SUBMITTED SUPPL. BUDGET 2 (FY 2015/16)	CFSP	SUBMITTED BUDGET	CHANGE (D-C)	% GROWTH
COUNTY EXECUTIVES	197,038,105	178,541,982	218,167,685	39,625,703	22%
PUBLIC SERVICE BOARD		9,196,348	10,778,800	1,582,452	17%
ADMINISTRATION	90,659,495	22,409,923	126,767,000	104,357,077	466%
FINANCE AND ECONOMIC PLANNING	120,065,304	155,682,465	234,151,944	78,469,479	50%
LANDS, PUBLIC HEALTH AND ENVIRONMENT	8,019,572	12,011,534	25,020,353	13,008,819	108%
SOCIAL SERVICES	4,279,000	344,755,905	320,477,361	-24,278,544	-7%
MEDICAL SERVICES	8,145,500	8,901,325	26,101,325	17,200,000	193%
AGRI-BUSINESS, COOPERATIVES & MARKETIN	6,788,319	7,859,239	41,686,400	33,827,161	430%
WATER SERVICES	861,000	3,657,268	24,819,378	21,162,110	579%
EDUCATION AND VOCATIONAL TRAININGS	1,180,040	3,606,272	19,326,272	15,720,000	436%
ROADS, TRANSPORT AND PUBLIC WORKS	63,127,063	38,287,420	89,467,420	51,180,000	134%
ICT, TRAINING AND INDUSTRY	5,053,880	16,692,538	31,380,920	14,688,382	88%
COUNTY ASSEMBLY	214,272,066	236,805,336	246,950,121	10,144,785	4%
TOTAL	719,489,344	1,038,407,555	1,415,094,979	376,687,424	36%

A comprehensive analysis of the operations and maintenance in CFSP and submitted budget reveals huge deviations by the spending units. Water services deviated the most (579 %)

followed by Administration, Education, Agri-business, and Roads departments which registered deviations of 466%, 436%, 430% and 134% respectively. Further comparison of the O&M allocations in the submitted budget relative to the recent supplementary budget 2015/16 FY reveals no hint as to what justified huge deviations from the CFSP allocations. O&M allocations for the Assembly deviated the least (4%). The County Assembly Service Board attributed the Assembly O&M deviations to the changes recommended by the senate on allocations to items such as public participation.

1.8.3 Overall Deviations from CFSP Ceilings

ANALYSIS OF THE DEVIATIONS OF TOTAL ALLOCATIONS IN CFSP AND SUBMITTED BUDGET				
SPENDING UNITS	SUBMITTED BUDGET (A)	CFSP (B)	CHANGE (A-B)	%
COUNTY EXECUTIVES	382,175,210	381,091,982	1,083,228	0%
PUBLIC SERVICE BOARD	30,126,340	33,000,000	-2,873,660	-9%
ADMINISTRATION	616,837,578	369,791,629	247,045,949	67%
FINANCE & ECONOMIC PLANNING	445,186,754	276,619,449	168,567,305	61%
LANDS, PUBLIC HEALTH AND ENVIRONMENT	321,963,749	410,742,152	-88,778,403	-22%
SOCIAL SERVICES	451,683,390	529,011,759	-77,328,369	-15%
MEDICAL SERVICES	988,434,157	936,422,580	52,011,577	6%
AGRI-BUSINESS, COOPERATIVES	397,477,502	449,018,856	-51,541,354	-11%
WATER SERVICES	451,005,410	548,303,247	-97,297,837	-18%
EDUCATION AND VOCATIONAL TRAINING	455,988,897	484,513,978	-28,525,081	-6%
ROADS, TRANSPORT AND PUBLIC WORKS	567,101,896	520,408,191	46,693,705	9%
ICT, TRAINING AND INDUSTRY	160,435,585	127,898,244	32,537,341	25%
COUNTY ASSEMBLY	635,663,137	636,291,043	-627,906	0%
TOTAL	5,268,416,468	5,703,113,110	-434,696,642	-8%

The table above shows that none of the spending units except county Assembly and County Executive complied with the budget ceilings in the fiscal strategy paper approved in March 2016. The deviation contravenes the provisions of section 129 (b) of the PFM Act. Administration department (67%) is leading in terms of deviations from CFSP ceilings followed by Finance & Economic Planning (61%) and ICT, Trade and Industry (25%).

2 VIEWS AND SUBMISSIONS BY THE MEMBERS OF THE PUBLIC AND OTHER INTEREST GROUPS

Mr. Speaker Sir,

The significance of budgeting to the county's development agenda cannot be overemphasized. In order to provide an opportunity to the county residents to air their views on the MTEF Budget estimates, successful peaceful public participation fora were held in all the twenty five (25) wards of the County from 18th -20th May, 2016. The public turned out in large numbers to exercise their constitutional right to air their views.

2.1 Harmonized public participation views per department

2.1.1 Administration

- i. There should be a reduction in allocation to the construction of county HQ and as a result the yielding sum should be re-allocated to construction of the ward offices.
- ii. 1% percentage of the budget allocated to Administration should be allocated to the department of medical services.
- iii. The allocation for PE under administration was too high and variance with the CFSP was over 100M.

2.1.2 Economic Planning

- i. Allocation meant for spatial planning should be reduced by 10M and the same should be allocated to medical service sector

2.1.3 Social Services

- i. Increase allocation from KES 288M to cover 12 months and the expected 16,000 old persons. The public noted that 288M allocated for old age persons was inadequate and therefore should be increased. **Calculation** $(16,000 \times 2000 \times 12 \text{ months}) + (16,000 \times 500 \times 12 \text{ months}) = 480\text{M}$
- ii. Allocation of KES 50M to IAAF Bomet Stadium should be reduced. The public were cognizant of the fact that the stadium had been allocated huge amount of resources in the previous financial years and by now it should be complete and operational.

2.1.4 Agribusiness

- i. Bomet Tea Agency- The stake holders in Tea sector must be consulted pertaining the establishment of Tea Agency.
- ii. The 50 springs mentioned should be identified and named.
- iii. The program of agricultural training centres and Embomos tea farm should include extension services in all wards in the county and further there should be an increase in allocation for this program.

2.1.5 Roads

- i. The details of the 400Km of roads to be constructed must be specified and particularly it should specify the name of the road to be constructed and points to be constructed in that road. The same applies for the bridges and culverts.
- ii. Increase the general allocation meant for roads so as to ensure that quality roads are constructed.
- iii. The public were of the view that the allocation for power generation was not justifiable and necessary because it was not a pragmatic undertaking by the County Government being non-core function of the County Government.

2.1.6 Water

- i. There should be increase in allocation meant for construction of dams and water pans in the programs of water services sector.
- ii. Majority of the members of the public were of the view that the allocation to program of house development be reduced by 3M and the sum should be re-allocated to environment management and protection of Solid waste collection, Riparian Protection, agroforestry, soil and water conservation.
- iii. The allocation for Bomet Water Company should be reduced and re-allocated to local water projects in the wards to ensure wide availability and access

2.1.7 Education

- i. The allocation meant for Vocation Training should be increased
- ii. The allocation to the youth empowerment should be increased from a reduction in the program of sport quality enhancement

2.1.8 Medical Services

- i. Allocation for infrastructural support facilities should be increased

2.1.9 Overall Comments

- i. The allocation to PE should be reduced to 35% as specified in PFM regulations from 42% and so to allocations to O&M so as to release allocation for development to over 53%.
- ii. Previous expenditure reports for all departments should be submitted by the various C.E.C 's
- iii. The county should purchase ambulances rather than leasing them
- iv. Allocation Meant for Industrial development ought to be reduced to 10M and the resulting balance be re-allocated to construction of more roads
- v. The list of projects should be specified alongside the amount allocated.
- vi. The public was cognizant of the fact that they had not felt the impact of the amount of funds allocated to projects in the previous financials years.
- vii. The Bomet Tea Agency stakeholders should be consulted before allocation of funds.
- viii. The ongoing project should be completed and the previous projects started by National government should completed by the County Government

3 SUBMISSIONS BY SECTORAL COMMITTEES

Various Sectoral committees and County Assembly Service Board appeared before the committee on Budget and Appropriation to make their presentations for consideration. The Committee considered the presentations while finalizing its recommendations on the submitted budget estimates. The presentations have been attached to this report as Annexure 1.

4 CEC MEMBER FOR FINANCE ON THE PROPOSED COMMITTEE RECOMMENDATIONS

Mr. Speaker Sir,

In accordance with section 131 (2) of the PFM Act 2012, the committee while finalizing its report forwarded to the CEC for Finance the proposed recommendations on the MTEF Budget estimates for 2016/17-2018/19 and for the year ending 30th June 2016 for his comments and

action where required. The CEC for Finance appeared before the committee on 14th June 2016 and submitted his views as follows;

4.1 ALL DEPARTMENTS

- i. P.E. was based on the current personnel emoluments with addition of annual increment. Reducing it means we will definitely have a deficit in the budget. Furthermore, justification is highlighted in part H in each department. For County Public Service Board the amount for PE covers only Chairman, Secretary and Members of Public Service Board. Other staff were captured in the Administration Department.

Committee reaction

The committee was not convinced with the CEC for Finance explanations in that upon review of the CFSP ceilings there were indications that salary increment had been fully catered for. The said justification for part H were not reflective of the expenditure for FY 2015/16 as evidenced by 2nd supplementary budget approved in May 2016. The committee unanimously resolved to stay its decision.

4.2 COUNTY EXECUTIVE AND ADMINISTRATION

- i. Legal fees should not be reduced in the light of the many cases in the court affecting the County Government of Bomet. The amount allocated for the financial year 2016/2017 should remain as submitted.

Committee reaction

The committee resolved to stay its earlier decision and advised that the county should focus on service delivery to the county residents and minimize issues leading to litigations. Supplementary allocations should address the deficit once the funds allocated are exhausted.

- ii. **Purchase of motor vehicles:** was allocated the amount to allow for payment of the vehicles already purchased. The vehicles are being paid for in installments which will spill over to the FY 2016/2017

Committee reaction

The committee resolved to stay its earlier decision. The committee was however shocked by the CEC admission that the county executive had already started implementing the budget before it is passed. Purchasing motor vehicles using the next financial year's budget is an upfront to and contrary to the budgeting process. What is the need of Assembly appropriating for money which has already been utilized? How sure is the county executive that the County Assembly will approve budgetary allocations for purchasing of motor vehicles?

4.3 FINANCE

- i. The amount allocated for the purchase of office furniture and fittings for the financial year 2016/2017 will cover office furniture for new and existing offices for all the departments. The amount allocated should thus remain as submitted in the estimates.

Committee reaction

The committee resolved to stay its earlier decision and advised that the county should only prioritize furniture for the new offices.

4.4 LANDS

- i. The amount allocated to department for Boda boda sheds and acquisition of lands will be enough considering that most of the lands were purchased in this financial year. Furthermore, acquisition of lands will be financed by each department for every project undertaken.

Committee reaction

The committee resolved to stay its earlier decision. The committee noted that the CEC for Finance explanation on allocation to boda boda was misplaced since the county treasury had not allocated funds for boda boda sheds. It was a new allocation recommended by the committee. The committee further stayed its decision on allocations for acquisition for land owing to the demand required for construction of ECD centres and dispensaries among others. The committee also noted that budget for land acquisition was only captured in one department dealing with land contrary to the CEC explanation.

4.5 SOCIAL SERVICES

- i. Construction of stadium: The amount allocated is for the construction and canopy (walling) which is the remaining part of the project.

Committee reaction

The committee resolved to stay its earlier decision owing to the reluctant stand by the executive to provide the required information which include the total cost of the project and amount of funds expended on the project to date.

- ii. The amount allocated to Tegat project will be sufficient to complete the project in the next financial year. If reduced it will stall progress before the end of Financial year.

Committee reaction

The committee resolved to stay its earlier decision and advised that the project should be implemented in phases.

- iii. Capital transfer to old age in the next financial year will be less considering the department is conducting needs assessment to check those who are eligible. The amount allocated will suffice for now. If need be the deficit will be addressed in the supplementary budget.

Committee reaction

The committee resolved to stay its earlier decision. The committee noted that the CEC for Finance did not match explanations by the department during its presentation to the committee on gender and social services. The committee noted that the perennial problem of the old age not receiving their entire stipend for 12 months was due to deliberate under budgeting by the county treasury. Calculations revealed that ksh. 480 million was required to avert potential shortfall.

Youth talent search will be a programme that is done once and we consider it as development. It is a one-off activity.

Committee reaction

The committee resolved to stay its earlier decision and noted that not all one-off activities qualifies them to be classified as development expenditure.

4.6 MEDICAL SERVICES

In regard to the classification of the stated votes whether recurrent or development. We are consulting with other Authorities to know the classification of each.

Committee reaction

The committee resolved to stay its earlier decision and advised the country treasury not to downplay classifications of activities and programmes. Furthermore the committee noted that consultation should be limited to the lawful timelines.

4.7 COUNTY ASSEMBLY

In regard to the county assembly ceiling of ksh. 519,254,421 this is not realistic and I recommend the earlier ceiling of Ksh. 376,576,208 submitted in the estimates 2016/2017 as this conforms to the PFM regulations 25(4).

Committee reaction

The committee resolved to stay its earlier decision and advised that the ceilings made in the resolutions adopted in the County Fiscal Strategy Paper should be followed as required in the PFM Act 2012. The committee further established that regulation 25(4) relied on by the CEC member for Finance was non-existent.

4.8 OPERATIONS EXPENSES COMMUNITY PARTICIPATION

The amount on **Operations expenses community participation** should remain as submitted since a number of bills and policies under construction will be subjected to public participation as required in law. We suggest that the amount allocated to this vote in each department remains as forwarded in the budget estimates 2016/2017.

Committee reaction

The committee resolved to stay its earlier decision and noted that the balance of allocations were adequate to finance the intended activities for all the departments. The committee noted that a growth of over 222% (58.5m to 230m) on allocations to community participation was unjustifiable and counterproductive in that it would eat into allocations meant for capital expenditure.

5 RECOMMENDATIONS BY THE COMMITTEE ON BUDGET AND APPROPRIATION

Mr. Speaker Sir,

The Budget and Appropriation having considered submissions from the public and sectoral committee, CFSP ceilings, expenditure for FY 2015/16, and clarifications as well as views from the CEC for Finance made the following raft of recommendations for adoption;

5.1 Projects for implementation in the FY 2016/17

That the CEC for Finance should ensure that the projects being implemented in the FY 2016/17 should be those approved in the County Fiscal Strategy Paper 2016.

5.2 AREAS OF ADJUSTMENTS

5.2.1 COUNTY EXECUTIVE

The committee made the following adjustments;

- i. **Ksh.33 Million** was reduced from item **2211399 other operating expenses-community participation** since the same item had been allocated funds in other departments.
- ii. **Ksh. 21.6 Million** was reduced from item **3110701 purchase of motor vehicles**. The county had acquired more than adequate vehicles for its operations
- iii. **Ksh. 2 million** was reduced from item **2211308 Legal dues/fees, arbitration and compensation payments**. The allocations were too high yet the same item had also been allocated funds in administration department.

Note: The above adjustments released **Ksh. 56,600,000** for re-allocations

5.2.2 ADMINISTRATION

The committee made the following adjustments;

- i. **Ksh 145, 570,578** was reduced from “**total compensation to employees**”. This adjustment was made so as to conform to the ceilings approved in the County Fiscal Strategy Paper (CFSP, 2016). It should be noted that ceilings for PE approved in the CFSP 2016 was **Ksh. 284,500,000**, indicating that annual salary increment was catered for. Further analysis of the 2nd supplementary budget approved in May 2016 indicated

that the department required only Ksh. 262,603, 853 to cater for personnel emoluments for the whole financial year. The committee also noted that as at March 2016 the department had spent Ksh. 208,833, 644. It was therefore evident from the above information that the department had no justification to allocate **Ksh. 430,070,578** for PE in the FY 2016/17.

- ii. **Ksh 2.5 million** was reduced from item **2211308 Legal dues/fees, arbitration and compensation payments**. The allocations were too high yet the same item had also been allocated funds in county executive which can be used interchangeably.
- iii. **Ksh.25 Million** was reduced from item **2211399 other operating expenses-community participation** since the same item had been allocated funds in other departments.
- iv. **Ksh. 12 Million** was reduced from item **3110701 Purchase of motor vehicles**. The county had acquired adequate vehicles for its operations
- v. **Ksh. 160,000** was reduced from item **3110704 Purchase of bicycles and motorcycles**. The committee noted that that it was not feasible to purchase bicycles at this era considering the fact that the allocations were not sufficient to acquire motorcycles.

Note: The above adjustments released **Ksh. 218,230,578** for re-allocations comprising of **Ksh. 145,570,578** from PE and **Ksh. 39,660,000** for O&M.

5.2.3 COUNTY PUBLIC SERVICE BOARD

The County Public Service Board submitted to the county assembly committee on Labour and Public service and vide their letter dated 2nd June 2016 ref:CPSB/LETT/102/05/2016 stated that they were not involved in the preparation of their annual budget estimates for the period 2016/17. The committee noted that the County Treasury omitted critical items in submitted board budget in the estimates. It was further established that most of the items were crossly under budgeted which will adversely affect their day to day operations. In view of this, the Board submitted their 2016/17 FY budget amounting to Ksh. 132,620,000. However, the committee on budget and appropriation noted that the budget proposed by the Board was way too high. Consequently, the committee adjusted and approved allocations for a number of items which led to the reduction of the Board budget to **Ksh. 47, 520,000** as follows;

CODE	ITEM	CPSB PROPOSED ESTIMATES.	APPROVED ALLOCATIONS
A	<u>SALARIES AND ALLOWANCES</u>		
2110117	Salaries	27,000,000	27,000,000
2110320	Leave allowance	200,000	200,000
2110314	Commuter allowance/ specified allowance	1,700,000	1,700,000
-	Airtime Allowance	420,000	420,000
2110309	Duty/Acting allowance	200,000	200,000
		29,520,000	29,520,000
B	<u>BASIC WAGES TEMPORARY EMPLOYEES</u>		
2110202	Casual labour	500,000	500,000
C	<u>ADMINISTRATIVE EXPENSES.</u>		
2210103	Repair, Maintenances /Utilities and services	100,000	100,000
	Electricity expenses	100,000	100,000
	Water and Sewage charge	100,000	100,000
	Legal Fees	3,000,000	1,500,000
		3,300,000	1,800,000
D	<u>COMMUNICATION SUPPLIES AND SERVICES.</u>		
2210201	Telephone ,Telex, Fax and mobile phones.	1,500,000	100,000
-	Internet Connections	700,000	500,000
2210203	Courier and postal services	500,000	100,000
		2,700,000	700,000
E	<u>DOMESTIC TRAVEL AND SUBSISTENCE AND OTHER TRANSPORTATION COST.</u>		
2210301	Travel costs(Airline, bus rating mileage allowance.	12,000,000	5,000,000

2210302	Accommodation	6,000,000	3,000,000
2210303	Subsistence allowance	1,000,000	500,000
2210304	Sundry Items eg. Airport tax and taxis	300,000	300,000
		19,300,000	8,800,000
F	<u>FOREIGN TRAVEL AND SUBSISTENCE AND OTHER TRANSPORT COSTS.</u>		
2210401	Travel costs (Airlines)	6,000,000	1,000,000
2210402	Accommodation subsistence allowance	6,000,000	1,000,000
2210404	Sundry and transfer allowance	300,000	0
		12,300,000	2,000,000
G	<u>PRINTING ADVERTISING AND OTHER INFORMATION</u>		
2210502	Publishing and printing	2,000,000	500,000
2210504	Advertising and awareness	1,000,000	1,000,000
2210503	Subscription to newspapers and periodical	500,000	150,000
		3,500,000	1,650,000
H	<u>TRAINING EXPENSES</u>		
2210701	Travel allowances	1,000,000	500,000
2210703	Production, Printing and Training material	200,000	100,000
2210702	Remuneration of trainers	500,000	250,000
2210704	Hire of training facilities and equipment	600,000	300,000
2210712	Training allowance	700,000	0
2210802	Boards, committees, conferences and seminars.	1,200,000	600,000
		4,200,000	1,750,000
I	<u>HOSPITALITY,SUPPLIES AND SERVICES</u>		
2210899	Hospitality	1,000,000	300,000

2210910	Medical Fund	1,500,000	1,000,000
		2,500,000	1,300,000
J	<u>OFFICE SUPPLIES AND SERVICES.</u>		
2211101	General office supplies paper, pencils& e.t.c	500,000	250,000
2210202	Computer and printing accessories	500,000	250,000
2211103	Sanitary and cleaning material supplies and services.	200,000	100,000
2210801	Catering Services.	600,000	300,000
		1,800,000	900,000
K	<u>OTHER MISCELLANEOUS AND SUBSISTENCE</u>		
-	Annual report and strategic plan expenses	500,000	200,000
-	Public Service week expenses	1,000,000	0
-	Charity expenses.(CSR).	500,000	0
-	Staff welfare	500,000	100,000
-	Mortgages and Car loans	50,000,000	0
-	Subscription to professional associations	500,000	100,000
		53,000,000	400,000
	Total	132,620,000	47,520,000

5.2.4 FINANCE

The committee made the following adjustments;

- i. **Ksh.20 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities.
- ii. **Ksh 20 million** was reduced on item **3111001 Purchase of office furniture and fittings**. Allocations for the item was too high

Note: The above adjustments released **Ksh. 40 million** for re-allocations.

5.2.5 LANDS, PUBLIC HEALTH AND ENVIRONMENT

The committee made the following adjustments;

- i. **Ksh.12 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities.
- ii. An additional **Ksh. 10 million** was allocated for land acquisition to cater for land needs for construction ECD centres, markets and dispensaries.

Note: The above adjustment released **Ksh. 12 million** for re-allocations.

- iii. **Ksh. 7,309,887** was allocated for construction of Boda-boda sheds. The committee observed that there was no sheds for Boda Boda operators and this has led to dis-organization of the town and urban areas.

5.2.6 SOCIAL SERVICES

The committee made the following adjustments;

- i. **Ksh.8 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities.
- ii. **Ksh.50 Million** was scrapped from item **development of standard sports facilities- IAAF Bomet stadium**. This was informed by the views of the public that the facility had been allocated huge resources in the previous financial years which should have completed the project. Furthermore the committee noted the County Executive has been hesitant to divulge the total cost for completion of the project and expenditure to date.
- iii. **Ksh.11 Million** was reduced from item **2210712 Training allowance (sport enhancement)**. The committee noted that the activity will not yield any tangible output hence there will be no value for money. The balance was also moved to recurrent expenditure to adhere to correct classification.
- iv. **Out of Ksh. 8 million budgeted, Ksh.5 Million** was reduced from item **development and management of sports facilities and equipment (Tegat)**. The committee recommended that implementation of the project should be done in phases and approved **Ksh. 3 million** for implementation of the first phase of the project.

Note: The above adjustment released **Ksh. 74 million** for re-allocations.

- v. **An additional Ksh. 192 million** was allocated to item 2640502 capital transfer to individual and household old age so as to bring the total allocations to **Ksh. 480 million**

which will be adequate to cater for the estimated 16,000 old age persons for the FY 2016/17 including NHIF contributions. Furthermore, the committee moved the entire item to recurrent expenditure in line with CFSP resolutions and to reflect the correct economic classification.

- vi. An additional **Ksh. 5 million** was allocated to cater for PWDs support services. The committee noted that the allocated amount of **Ksh.15, 198,000** was inadequate to cater for the intended purpose.
- vii. **Ksh. 6 million** meant for youth empowerment should be used for youth talent search and moved to recurrent expenditure so as to adhere to the correct economic classification

5.2.7 MEDICAL SERVICES

The committee made the following adjustments;

- i. **Ksh.12 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities. The purpose for the intended public participation was also not clear.

Note: The above adjustment released **Ksh. 12 million** for re-allocations.

- ii. An additional **Ksh. 15 million** was allocated to construction of Health Centres to enhance resident's access of health services.
- iii. The following items classified as development were moved to recurrent expenditure to reflect the correct classification; 2211001 Medical dugs, 2211002 dressings and other non-pharmaceutical medical items, 2640499 cash transfer to health facilities, 2210604 Hire of transport, 3111101 purchase of medical and dental equipment, 2210606 leasing of medical equipment to reflect correct classification and to conform with resolutions adopted in the county fiscal strategy paper.

5.2.8 ECONOMIC PLANNING

The committee made the following adjustments;

- iv. **Ksh.10 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities. Furthermore the department of Finance had budgeted for the same public participation.

Note: The above adjustment released **Ksh. 10 million** for re-allocations.

5.2.9 AGRI-BUSINESS, COOPERATIVES AND MARKETING

The committee made the following adjustments;

- i. **Ksh.22, 709,246** was reduced from personnel emoluments. The budgeted amount of **Ksh.178, 709,246** was way too high. The changes were reduced so as to conform to the ceilings approved in the County Fiscal Strategy Paper 2016. Furthermore analysis of the supplementary budget approved in May 2016 reveals that the department required **Ksh. 145,351,816** to cater for PE to the end of FY 2015/16.
- ii. **Ksh.15 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities.

Note: The above adjustment released **Ksh. 37,709,246** for re-allocations.

- i. **Ksh. 10 million** was allocated for value addition of tomatoes in Kimolwet, soimet -Sotik sub-county.
- ii. **Ksh. 20 million** was allocated for value addition of milk in Siongiroi, Chepalungu sub-county

5.2.10 WATER SERVICES

The committee made the following adjustments;

- i. **Ksh.18 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities.
- ii. **Ksh.36 Million** was reduced from item **2630201 support to Bomet Water Company**. This was informed by the fact that the company was earning revenue which was being used to defray part of the expenses. The committee was however concerned that revenue being collected by Bomet Water Company was not being disclosed.
- iii. **Ksh. 20 million** meant for resource mobilization was moved to the department of Finance which is charged with the responsibility of resource mobilization for all the departments.

Note: The above adjustment released **Ksh. 54 million** for re-allocations.

5.2.11 EDUCATION AND VOCATIONAL TRAINING

The committee made the following adjustments;

- i. **Ksh.10 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations was too high as compared to the planned activities.
- ii. **Ksh. 25,604,919** was reduced from allocations to PE. The reduction was made so as to ensure conformity to CFSP ceilings. The budgeted amount of **Ksh. 198,304,919** was way above the approved ceilings in CFSP of **Ksh. 172,700,000**. The 2nd supplementary budget approved in May 2016 was **Ksh. 160,622,634**. It is therefore evident that the budgeted amount for PE for FY 2016/17 was unjustifiable.

Note: The above adjustment released **Ksh. 35,604,919** for re-allocations.

- iii. An additional **Ksh. 15 million** was allocated for construction of ECD centres being a core function for county government. The committee also noted that that ECD centers constructed since the inception of the County were inadequate.

5.2.12 ROADS, PUBLIC WORKS AND TRANSPORT

The committee made the following adjustments;

- i. **Ksh.10 Million** was reduced from item **2211399 other operating expenses-community participation**. The allocations were too high as compared to the planned activities.

Note: The above adjustment released **Ksh. 10 million** for re-allocations.

- ii. An additional **Ksh.8, 542,932** was allocated to PE to address under budgeting. Analysis of the 2nd supplementary budget for FY 2015/16 approved in May 2016 revealed that the department required **Ksh. 54,776,664** was required to the end of the FY yet the submitted budget allocated **Ksh. 47,857,068**. The additional allocations will scale up to **Ksh. 56,400,000** approved in the County Fiscal Strategy Paper.

5.2.13 ICT TRAINING AND INDUSTRY

The committee made the following adjustments;

- i. **Ksh. 32,154,665** was reduced from allocations to PE. The reduction was made so as to ensure conformity to CFSP ceilings. The budgeted amount of **Ksh. 60,854,665** was way

above the approved ceilings in CFSP of **Ksh. 28,700,000**. The 2nd supplementary budget approved in May 2016 indicated that the department required **Ksh. 9,680,424**. It is therefore evident that the budgeted amount for PE for FY 2016/17 was unjustifiable.

Note: The above adjustment released **Ksh. 32,154,665** for re-allocations.

5.2.14 COUNTY ASSEMBLY

- i. In accordance with the approved ceilings as per the resolutions adopted in the County Fiscal Strategy Paper 2016, the committee approved **Ksh.635, 663,137** allocations for the County Assembly comprising of **Ksh. 272, 304,300** for personnel emoluments, **Ksh. 246,950,121** for operations and maintenance and **Ksh. 116,408, 716** for development expenditure. The total allocation to Assembly's recurrent expenditure amounting to **Ksh. 519,254, 421** complies with the CRA ceilings and CARA bill passed by the senate.

Mr. Speaker Sir,

The total approved allocations for all the spending units after effecting the aforementioned adjustments shall be as follows;

APPROVED ALLOCATIONS FOR ALL THE SPENDING UNITS					
SPENDING UNITS	P.E	O&M	OTHER RECURRENT	CAPITAL EXPENDITURE	TOTAL
County Executives	164,007,525	161,567,685		-	325,575,210.00
Public Service Board	29,520,000	18,000,000		-	47,520,000.00
Administration	284,500,000	87,107,000		60,000,000.00	431,607,000.00
Finance	155,682,465	158,745,944		25,356,050.00	339,784,459.00
Economic Planning and Development	19,996,295	25,406,000		30,000,000.00	75,402,295.00
Lands, Public Health and Environment	192,496,758	13,020,353		121,756,525.00	327,273,636.00
Social Services	45,206,029	7,279,361	491,500,000.00	30,698,000.00	574,683,390.00
Medical Services	472,366,896	14,101,325	449,565,936.00	55,400,000.00	991,434,157.00
Agribusiness, Cooperatives and Marketing	156,000,000	26,686,400		207,081,856.00	389,768,256.00
Water Services	86,152,032	6,819,378		284,000,000.00	376,971,410.00
Educational and Vocational Training	172,700,000	9,326,272		253,357,706.00	435,383,978.00
Roads, Transport and Public Works	56,400,000	79,467,420		429,777,408.00	565,644,828.00
ICT Training and Industry	28,700,000	31,380,920		68,200,000.00	128,280,920.00
County Assembly	272,304,300	246,950,121		116,408,716.00	635,663,137.00
TOTAL	2,136,032,300	885,858,179	941,065,936.00	1,682,036,261.00	5,644,992,676.00
	38%	16%	17%	30%	100%

5.3 Summary of the effects arising from the committee recommendations

- i. The committee addressed the deficit of **Ksh. 259,086,929** arising from the executive and assembly submitted budgets.

- ii. The committee adjustments were done in accordance with the resolutions adopted in the CFSP 2016.
- iii. The changes made addressed unexplained over-budgeting of personnel emoluments
- iv. The adjustments took into account the reorganized structure of the executive departments

In conclusion, the above adjustments and re-allocations do not add an extra burden to the Fiscal framework. Indeed, the Committee has adhered to the total gross revenue projections of **Kshs. 5,644,992,676.**