

REPUBLIC OF KENYA
MACHAKOS COUNTY ASSEMBLY

OFFICIAL REPORT

Tuesday, 16th July, 2019

The House met at 10.09 a.m.

[The Deputy Speaker (Hon. Museku) in the Chair]

PRAYERS

Hon. Deputy Speaker: Ring the Bell please for 10 minutes?

(Quorum Bell rung)

Okay, you may stop ringing the bell, we have quorum now. Good morning, Members.
Mr. Clerk, proceed.

PAPER LAID

CONTROLLER OF BUDGET REPORT FOR THE HALF YEAR PERFORMANCE FOR 2018/2019

Hon. Deputy Speaker: Hon. Members, under this Order, we have one Paper to be laid by Hon. Dominic Ndambuki, chairperson committee on budget and appropriations.

Hon. Ndambuki: Thank you, Hon. Speaker. Hon. Speaker, I beg to lay the following Paper on the Table of the House today Tuesday, 16th day of July, 2019; the report of the budget and appropriations committee on the Controller of Budget report for the half year performance of the fiscal year 2018/2019. Thank you, Hon. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Dominic. Mr. Clerk, proceed.

NOTICE OF MOTION

CONTROLLER OF BUDGET REPORT FOR THE HALF YEAR PERFORMANCE FOR 2018/2019

Hon. Deputy Speaker: Hon. Members, under this Order, we have one notice of motion to be moved by the Hon. Dominic Ndambuki.

Hon. Ndambuki: Thank you, Hon. Speaker.

Hon. Speaker, that aware that the office of the Controller of Budget is mandated to oversee and report implementation of the budgets of both National and County Governments as per Article 228(4) of the Constitution of Kenya of 2016; Aware that the first half year report for the fiscal year 2018/2019 was submitted to the County Assembly on 3rd April, 2019 and provides information on budget implementation by the 47 Counties covering the period from July to December, 2018;

Noting that the report contains analysis on county budgets own source revenue generated, fiscal transfers from National Government and expenditure;

Further, noting that the information is extracted from reports on financial and non-financial performance submitted to Controller of Budget in line with Sections 166 and 168 of the PFM Act of County Allocation Revenue Act of 2018, IFMIS and other information gathered by the office in the cause of overseeing budget implementation;

Hon. Speaker, I wish to move the notice of motion that this House discusses and approves the report of the budget and appropriations committee on the Controller of Budget's half year performance report for fiscal year 2018/2019.

Thank you, Hon. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Dominic. Mr. Clerk, proceed.

MOTION

CONTROLLER OF BUDGET REPORT FOR THE HALF YEAR PERFORMANCE FOR 2018/2019

Hon. Deputy Speaker: Hon. Members, under this Order, we have one motion to be moved by Hon. Dominic Ndambuki chairperson budget and appropriations committee.

Hon. Ndambuki: Thank you, Hon. Speaker.

Hon. Speaker, that aware that the office of the Controller of Budget is mandated to oversee and report implementation of the budgets of both National and County Governments as per Article 228(4) of the Constitution of Kenya of 2016; Aware that the first half year report for the fiscal year 2018/2019 was submitted to the County Assembly on 3rd April, 2019 and provides information on budget implementation by the 47 Counties covering the period from July to December, 2018;

Noting that the report contains analysis on county budgets own source revenue generated, fiscal transfers from National Government and expenditure;

Further, noting that the information is extracted from reports on financial and non-financial performance submitted to Controller of Budget in line with Sections 166 and 168 of the PFM Act of County Allocation Revenue Act of 2018, IFMIS and other information gathered by the office in the cause of overseeing budget implementation;

Hon. Speaker, I wish to move the motion that this House discusses and approves the report of the budget and appropriations committee on the Controller of Budget's half year performance report for fiscal year 2018/2019.

Thank you, Hon. Speaker. I wish to call upon Hon. Jacqueline Nziva to second.

Hon. Deputy Speaker: Hon. Jacqueline.

Hon. (Ms.) Nziva: Thank you, Mr. Speaker and members present. I wish to second the motion. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Jacqueline. Hon. Dominic?

Hon. Ndambuki: Thank you, Hon. Speaker. I am going to read the report of the budget and appropriations committee on the report of the controller of budgets of the first half year for fiscal year 2018/2019.

1.0 INTRODUCTION

Hon. Speaker, the office of the Controller of Budget is mandated to oversee and report implementation of the budgets of both National and County Governments as per Article 228(4) of the Constitution of Kenya 2016. The first half year report was submitted to the County Assembly on 3rd April 2019 and provides information on budget implementation by the 47 Counties covering the period July to December 2018.

It contains analysis on county Budgets, own source revenue generated, fiscal transfers from the National Governments and expenditure. The information is extracted from reports on financial and non-financial performance submitted to CoB in line with Section 166 and 168 of the PFM Act, CARA 2018, IFMIS and other information gathered by the office in the course of overseeing budget implementation.

1.1 MANDATE OF THE COMMITTEE

Hon. Speaker, The Budget and Appropriation Committee derives its mandate from Standing Order 186(3)(a) that states that 'there shall be a select Committee to be known as the County Budget and Appropriations Committee which is mandated to, investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget.' Hon. Speaker, The main objective of the committee is to ensure that public funds are well utilized and that the public realizes value for money in all government expenditure. The basis of the Committee's execution of its mandate is annual and on special reports.

1.2 COMMITTEE MEMBERSHIP

Hon. Speaker, the committee as constituted by this Assembly comprises of the following members.

- | | | |
|----|-----------------------|----------------|
| 1. | Hon. Dominic Ndambuki | Chairman |
| 2. | Hon. Angela Munyasya | V/ Chairperson |
| 3. | Hon. Paul Museku | Member |
| 4. | Hon. Margaret Mwikali | “ |
| 5. | Hon. Thomas Mutinda | “ |
| 6. | Hon. Ikusya Kaloki | “ |
| 7. | Hon. Jacqueline Nziva | “ |
| 8. | Hon. Moffat Maitha | “ |
| 9. | Hon. Daniel Mbevi | “ |

BRIEF ON THE REPORT OF THE CONTROLLER OF BUDGET FOR THE FIRST QUARTER 2018/2019

The presentation of report is as follows:

- i) Overall analysis of revenue and expenditure.
- ii) County specific performance.
- iii) Cross cutting challenges affecting budget implementation and recommendations.
- iv) Conclusion.

The overall Analysis of Revenue and Expenditure for the 47 Counties

Hon. Speaker, the combined County Government budgets approved by the County Assemblies amounted to Ksh. 463.93 billion comprising of Ksh. 276.44 Billion (59.6%) allocation on recurrent expenditure and 187.49 Billion (40.4%) on development expenditure.

In order to finance the budgets, the County Government expected to receive Ksh. 314 billion as equitable share, Ksh. 25.5 billion as conditional grants, Ksh. 36.98 from development partners and Ksh. 51.32 billion as own source revenue collection.

The funds from Development partners in Kenya shillings are expected as follows:

- 1) World Bank (Universal Health Care) Ksh. 3.64 Billion
- 2) International Development Association (IDA) for Rural Agriculture Ksh. 2.95 Billion
- 3) International Development Assoc. (IDA) Climate-Smart Agriculture Ksh. 3.04 billion
- 4) International Development Association (IDA) on development Support Program Level 1 Ksh. 2.3 Billion
- 5) IDA for Kenya Urban Support Project on infrastructure Ksh. 11.46 Billion
- 6) DANIDA for Universal Health Care Ksh. 1.01 Billion
- 7) EU for instruments for Devolution Advice and Support Ksh.1.04 Billion
- 8) IDA for water and sanitation development project s Ksh.3.8 billion
- 9) IDA for Kenya Devolution Support Project Level 2 Ksh. 4.0 billion
- 10) Sweden-for Agricultural Sector Development Support programme Ksh. 1.0 billion
- 11) EU for water tower protection and climate change mitigation and adaption programme Ksh. 880 million
- 12) IDA for Kenya Urban Support project for urban institutions Ksh.1.84 billion
- 13) Leasing of Medical Equipment Ksh. 9.4billion
- 14) Conditional Grants to Level V hospitals Ksh. 4.33billion
- 15) Road Maintenance Fuel Levy Fund Ksh. 8.27billion
- 16) Compensation of User Fee Foregone Ksh. 900million
- 17) Rehabilitation of village polytechnics Ksh.2billion
- 18) Construction of County Headquarters in Isiolo, Lamu, Nyandarua, Tana River and Tharaka Nithi. Ksh. 605 million

The revenue out-turn shows that total funds available over the period amounted to Ksh 224.65 billion comprising of:

1. Equitable share 115.14 billion
2. World Bank for (UHC) 63.57 billion
3. IDA for Kenya Urban Support project 11.46 billion

- | | |
|-----------------------------------|----------------|
| 4. Own revenue sources | 15.37 billion |
| 5. Cash balance from FY 2017/2018 | 46.12 billion. |

The Controller of Budget approved Ksh. 115.14 billion for Counties but the conditional grants were disbursed directly to the individual County Revenue Fund Accounts.

In the same period the Controller of Budget authorized withdrawal of Ksh. 145.11 billion from the County Revenue Fund comprising of Ksh. 117.13 billion (80.7%) for recurrent expenditure and Ksh. 27.97 billion (19.3%) for development expenditure. From the Ksh, 117.13 billion released from recurrent activities, Ksh. 22.42 billion was for County Assemblies while 94.72 billion went to County Executives.

The Development Exchequer issues comprised of Ksh. 4.26 billion for County Assemblies and Ksh. 23.71 billion for County Executives.

The total expenditure by County governments was Ksh. 136.98 billion representing an absorption rate of 29.5% of the total County Budgets. In this expenditure, recurrent spending was Ksh. 112.25 billion representing 40.6% of the annual recurrent budgets while development spending amounted to Ksh. 24.73 billion representing an absorption rate of 13.2%.

In the recurrent expenditure 80.02 billion (54.4%) was incurred on personnel emoluments 32.23 billion (23.5%) was on operations and maintenance. Development expenditure amounted to Ksh. 24.73 billion (18.1%) representing an absorption rate of 13.2% of the annual development budget.

Expenditure on sitting allowances per MCA was Ksh. 80,662.58 compared to the ceiling of Ksh. 124,800.00 set by SRC. Expenditure on domestic and foreign travel amounted to Ksh. 6.51 billion comprising of Ksh. 2.84861 billion for County Assemblies and Ksh. 3.65883 billion for County executives.

2.3 County Specific performance

2.3.1 The Machakos County specific Performance (Page 159 of CoB Report)

The County's approved budget was Ksh. 12.23 billion comprising of Ksh. 7.6 billion (62.4%) for recurrent and Ksh. 4.60 billion (37.6%) for development expenditure. To finance the budget the county expected to receive Ksh. 8.32 billion (61%) as equitable share; Ksh. 2.19 billion (16.1%) as conditional grants and local revenue of Ksh. 1.72 billion (12.6%). The County did not budget for Ksh. 1.41 billion (10.4%) cash balance from FY 2017/2018.

2.3.1 Budget Implementation Performance

(i) Revenues

Hon. Speaker, the County received Ksh. 3.18 billion as equitable share, Ksh. 1.164 billion as conditional Grants and Ksh. 441.90 million as own source revenue and Ksh. 1.41 billion as cash balance from FY 2017/2018, making total revenue Ksh. 6.20 billion. The revenue from conditional grants was received from the following development partners:

- | | |
|---|--------------------|
| a. IDA (Kenya Urban Support project) | Ksh. 1,018,320,500 |
| b. IDA (Kenya Climate Smart Agriculture Project) | Ksh. 41,070,411 |
| c. World Bank (Universal Health Care project) | Ksh. 8,165,513 |
| d. IDA- Kenya Devolution Support Programme Level 1 grants | Ksh. 12,403,125 |
| e. Universal Health coverage (UHC) grants | Ksh. 84,033,068. |

(ii) Expenditure

The Controller of Budget approved withdrawal of Ksh. 4.13 billion from the County Revenue Fund account translating to 33.8% of the approved budget comprising of Ksh. 3.74 billion (90.5%) for recurrent expenditure and Ksh. 393.94million (9.5%) for development activities.

Out of the Ksh. 4.13 billion authorized by the Controller of Budget the county spend only Ksh. 3.58 billion which is 87% of the funds released from the CRF Account. This expenditure excluded outstanding commitments amounting to Ksh. 798.01 Million for development activities and Ksh. 156.19 Million for recurrent expenditure.

The recurrent expenditure for half year of FY 2018/2019 was Ksh. 3.23 billion (86.5%) comprising of Ksh. 2.52 billion for personnel emoluments and Ksh. 706.17 Million for operations and maintenance.

The Development expenditure as at December 2018 was Ksh. 344.57 Million out of the Ksh. 393.94 million funds that were released by the Controller of Budget for development. The list of development projects with the highest expenditure for the FY 2018/2019 was provided as follows:

- Construction of Nthungululu Dam in Yatta Ksh. 46,406,868.
- Construction of 12 storey building at Machakos New City Ksh. 41,407,638
- Construction of Mumbuni dam in Kibauni Ksh. 19,915,411
- Construction of Machakos County office in Machakos Ksh. 14,971,734
- Routine maintenance of Kithini-Vota road Ksh. 12,494,431
- Routine maintenance of Kenol-Muthwani-Lukenya road at Yatta Ksh. 11,211,046
- Construction of Machakos Conference facility at Mks People's Park Ksh. 10,830,451
- Routine maintenance at Kathiani-Kangundo road Ksh. 9,994,316
- Installation of drainage facilities at Kituluni-Kitambaasye road Ksh. 9,732,800

Budget performance by the County Departments

The overall budget absorption rate was 42.3% for recurrent and 7.5% for development. The individual department performance of the budget was as follows:

Hon. Speaker, what I will be reading on that order.

Recurrent

N O	DEPARTMENT	ANNUAL BUDGET (MILLIONS)	EXCHEQUER ISSUES (MILLIONS)	EXPENDITURE (MILLIONS)	ABSORPT ION RATE
1.	Governor	605.72	201	182.66	30.2%
2.	Public Service, Labor & ICT	433.74	270	2367.81	545.9%
3.	Trade. Investment, Economic, Planning Individual	135.11	68.00	18.81	13.9%
4.	Finance & revenue Management	393.94	189	41.88	10.6%

5.	Decentralized Units	374.83	251	24.16	6.4%
6.	Agriculture	502.63	287	22.23	4.4%
7.	Health & Emergency Services	3545.37	1,787	145.06	4.1%
8.	Transport, Roads, Public Works and Housing	187.10	120	50.06	26.8%
9.	Education, Youth & Social Welfare	295.22	77	5.69	1.9%
10.	Lands, Energy & Urban Development	97.20	59	13.54	13.9%
11.	Tourism, Sports & Culture	81.27	60	6.31	7.8%
12.	County Public Service Board	41.40	25	0.54	1.3%
13.	County Assembly	936.78	340	351.70	37.5%
	TOTAL	7630.31	3734	3230.45	

Development

N O	DEPARTMENT	ANNUAL BUDGET (MILLIONS)	EXCHEQUE R ISSUES (MILLIONS)	EXPENDITURE (MILLIONS)	ABSORPTION RATE
	Office of the Governor	6.83	-	3.31	48.5%
	Public Service, Labour & ICT	12.70	-	-	-
	Trade, Investments, Economic Planning, Industrialization & Energy	91.58	-	-	-
	Finance & Revenue management	11.80	-	-	-
	Decentralized Units, County Administration, Environment & Solid Waste Management	31.00	-	-	-
	Agriculture	665.61	108	80.59	12.1%
	Health	748.44	80	21.83	2.9%

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	Transport, Roads, Public Works & Housing	1436.30	190	230.32	16.0%
	Education, Youth & social Welfare	289.30	16	2.64	0.9%
	Lands, Energy & Urban Dev.	1,054.32	-	5.88	0.6%
	Tourism, Sports & Culture	14.92	-	-	-
	County Public Service Board	2.01	-	-	-
	County Assembly	236.00	-	-	-
	TOTAL	4600.81	394	341.26	

Absorption of Exchequer issues

Recurrent

N O	DEPARTMENT	EXCHEQUER ISSUES	EXPENDITURE	BALANCE OF EXCHEQUER ISSUES	% UTILIZATION
1.	Office of the Governor	201	182.66	18.34	90.87%
2.	Public Service, Labour & ICT	270	2367.81	-2097.81	876.97%
3.	Trade, Investment, Economic Planning, Industrialization & Energy	68	18.81	49.19	27.66%
4.	Finance & Revenue Management	189	41.88	147.12	22.16%
5.	Decentralized Unites	251	24.16	226.84	9.63%
6.	Agriculture	287	22.23	264.77	7.75%
7.	Health	1787	145.06	1641.94	8.12%
8.	Transport, Roads, Public Works & Housing	120	50.06	69.94	41.72%
9.	Education, Youth & Social Welfare	77	5.69	71.31	7.39%

10	Lands, Energy & Urban Dev.	59	13.54	45.46	22.95%
11	Tourism, Sports & Culture	60	6.31	53.69	10.52%
12	County Public Service Board	25	0.54	24.46	2.16%
13	County Assembly	340	351.70	-11.7	103.44%

DEVELOPMENT

N O	DEPARTMENT	EXCHEQUER ISSUES	EXPENDITURE	BALANCE OF EXCHEQUER ISSUES	
1.	Office of the Governor	-	3.31	-3.31	-
2.	Public Service, Labor & ICT	-	-	0	0%
3.	Trade, Investment, Economic Planning, Industrialization & Energy	-	-	0	0%
4.	Finance & Revenue management	-	-	-	0%
5.	Decentralized Units	-	-	-	0%
6.	Agriculture	108	80.59	27.41	74.62%
7.	Health	80	21.83	58.17	0%
8.	Transport, Roads, Public Works & Housing	190	230.32	-40.32	121.22%
9.	Education, Youth & Social Welfare	16	2.64	13.36	16.5%
10	Lands, Energy & Urban Dev.	-	5.88	-5.88	-
11	Tourism, sports & Culture	-	-	0	0%

12	County Public Service Board	-	-	0	0%
13	County Assembly	-	-	0	0%

Committee observation

1. The Controller of Budget reports that the County has made progress in addressing some of the challenges previously identified as affecting budget implementation, which are:
 - a. Establishment of the Internal Audit Committee in line with Section 155 of the PFM Act, 2012
 - b. Improved performance in own-source revenue collection by 46.6 per cent from Ksh. 301.49 Million in the first half of FY 2017/18 to Ksh. 441.88 Million in the first half of FY 2018/19
2. The Controller of Budget also reports that the following challenges continued to hamper effective budget implementation:
 - a. A high wage bill that increased by 9.6 percent from Ksh. 2.3 billion in the first half of FY 2017/18 to Ksh. 2.25 billion in the first half of FY 2018/2019. The wage bill accounted for 63.1 percent of total expenditure in the reporting period. The Committee notes the typing error on the figure for wage bill which should be Ksh. 2.52 billion and not Ksh. 2.25 billion as reported in the Controller of Budget report.
 - b. Delays by Fund Administrators of both the County Assembly and the County Executive funds to submit expenditure reports contrary to section 168 of the PFM Act, 2012
3. Late submission of financial reports to the Controller of Budget by the County Treasury contrary to Section 166 of the PFM Act, 2012, which affected timely preparation of budget implementation review report by the OCOB.
4. The Controller of Budget recommends:
 - a. The County Public Service Board should establish an optimal staffing structure in order to manage the ballooning wage bill.
 - b. The CECM in charge of Finance should ensure the Fund Administrators prepare and submit expenditure reports in line with Section 168 of the PFM Act, 2012
 - c. The County Treasury should ensure timely preparation and submission of financial report in line with Section 166 of PFM Act, 2012.
5. Most of the County entities did not spend all the money that was requisitioned from the exchequer while others did not requisition funds but they had expenditures
6. There was inconsistency in the figures contained in CFSP and Controller of Budget report; for example:
 - (i) Equitable share received is indicated as Ksh. 3.18 billion in the CoB report while CFSP reports Ksh. 1.767 billion
 - (ii) Available funds amounted to Ksh. 6.2 billion which the CFSP reports only Ksh. 3.372 billion

- (iii) Expenditure in the CFSP exceeds revenue received i.e. revenue received was Ksh. 3.23 while expenditure was Ksh. 3.575
7. (i) The Controller of Budget erred by classifying MCAs sitting allowance as operations and maintenance when it should have been classified as a personnel emoluments because it is paid as part of salaries.
(ii) Insurance costs and government pensions were classified as operations and maintenance contrary to SRC guidelines.
 8. The MCAs sitting allowances were not against the SRC set ceilings of Ksh. 124,800 but was Ksh. 55,626 which is less than the SRC ceiling
 - 9) Domestic travel amounted to Ksh. 213.21 and comprised of Ksh. 69.9 Million spent by the County Assembly and Ksh. 143.90 Million spent by the County Executive.
 10. The department of Public Service, Labour and ICT had the highest expenditure of Ksh. 2.36781 Million against a budget of Ksh. 433.74 Million translating to an absorption rate of 545.9%. This is because all wage bills are irregularly charged to the department. This is against Article 207(2)(b) of the Constitution of Kenya, 2010.
 11. The County is unable to attract some conditional grants in its resource envelope.
 12. The development expenditure was 9.64 percent of the total expenditure contrary to section 107 of the PFM Act, 2012 which stipulates a minimum of 30% of the total expenditure.
 13. The wages expenditure was 62.9 percent of the total expenditure contrary to section 107 of the PFM Act, 2012 and corresponding regulations which stipulate a maximum of 35%.

Committee recommendations

Hon .Speaker, the committee recommends as follows:

1. Machakos County is not accessing all the available grants for County Governments. Such grants include EU for instruments for Devolution Advice and Support Ksh. 1.04 billion, IDA for water and sanitation development project Ksh. 3.8 billion, IDA for Kenya Devolution support project level 2 at Ksh. 4.0 billion, Sweden – for Agricultural Sector Development Support programme at Ksh. 1.0 billion, EU for water tower protection and climate change mitigation and Adaption programme at Ksh. 880 million, IDA for Kenya Urban Support project for Urban institutions at Ksh. 1.84 billion and Compensation of User Fee Foregone at Ksh. 900 million. The county Government should engage the Senate and other developments partners to enable them access the same conditional grants.
2. The County Treasury should enforce compliance by the county reporting entities.
3. The County Public Service Board should adopt the recommendation by the CoB to establish an optimal staffing structure in order to manage the ballooning wage Bill. They should further forward to the committee a copy of the action plan that they were instructed to develop by the National Treasury through the BPS.
4. The Budget implementation should be as per the approved Budget Estimates by the County treasury.
5. The County Treasury should ensure accuracy of reports to avoid inconsistency that were witnessed in the report by the Controller of Budget and the County Fiscal

- Strategy Paper. For instance, equitable share as per the CoB report was Ksh. 3.18 Billion while the County treasury reported it as Ksh. 1.767 Billion in the CFSP.
6. There is need for clarity in classification of expenditure by the COB because the office categorized the MCAs sitting allowances, insurance cost and pensions as Operations and Maintenance where else SRC classifies them as personnel emoluments.
 7. The county government should adhere to the fiscal responsibility principles set out in Section 107 of the PFM Act and corresponding regulations by achieving a minimum of 30% development expenditure and a maximum of 35% on personnel emoluments.

Acknowledgement

Hon. Speaker, the Budget and Appropriation Committee is grateful to the Office of the Speaker and that of the Clerk to the County Assembly for facilitating the committee to undertake its mandate. I wish to express my appreciation to the Hon. Members of the Committee who sacrificed their time to participate in the meetings and in preparation of this report.

Hon. Speaker, it is therefore my privilege, on behalf of the Budget and Appropriation Committee to table the Report of the Controller of Budget for the first half year FY 2018/19; in this Hon. House for consideration and adoption. Thank you, Hon. Speaker.

(Applause)

Hon. Deputy Speaker: Thank you very much Hon. Dominic Ndambuki for that report.

(Question proposed)

Members, you may debate on the motion. Hon. Moses.

Hon. Mitaa: Thank you Hon. Speaker for granting me this opportunity to air my views on the report by chairman Budget and Appropriations Committee. Mine is first to thank the team for the good work they have done; they have done their analysis very well, they have explained how we spent our monies for the first half of the financial year very well. Mr. Speaker, we must admit that we had our own challenges in the county and we might not have been able to achieve what we were meant to achieve on time.

Mr. Speaker, as much as we overcame that turbulence, I am very sure the shortcomings which have been highlighted in this report will be looked into, any amendments and we will be made and will be able to achieve what is expected. If it is in terms of absorption of money in development Mr. Speaker, I can attest that the second half of the financial year, in all the 40 wards, activities are ongoing and I am very sure very soon will be getting positive reports from the necessary organizations, Mr. Speaker.

I wish to encourage my colleagues, at least issues to do with time frames, we look on them to ensure that we are not caught by deadlines, Mr. Speaker, because once the stipulated time is expired, Mr. Speaker, mostly we will not be able to achieve much especially when it comes to consumption of funds (??)

On the issue of grants, Mr. Speaker, I have come to realize there are those conditions laid for us to access these funds. Mr. Speaker, my plea to the Executive side and especially the

finance officers or else the department is may be to lease with this House and we get the clear picture if there is something which is expected from this Hon. House we handle it in time so that we give them ample time maybe to pursue or else to go and negotiate on those funds which are available.

It is unfortunate when maybe we read of funds which have been returned to the exchequer when our people on the ground really need our services. Mr. Speaker, I believe it is a journey we are undergoing and our shortcomings should be lessons for future days to come. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Moses. Hon. Cosmus.

Hon. Masesi: Thank you, Mr. Speaker. Mr. Speaker, first I would like to appreciate the BAC committee under the leadership of Hon. Ndambuki. This is quite commendable job though Mr. Speaker my concern is, now we are on the first quarter of 2019/2020 and now is the time we are coming across the report of the first half of 2018/2019. Mr. Speaker, something needs to be done so that these reports find their way to this House when they are still fresh on our minds so that we can figure out what really went on through the first time when we will be discussing.

Mr. Speaker, when we look at the main development of 2018/2019, like the constriction of Mumbuni dam in Kibauni is carrying Ksh. 19 million. Mr. Speaker, I don't know whether this monies have been spent on the same because last time we were talking here of the issues to do with sand scooping on the same dam and now you find out that Ksh. 19 million has been spent on the same.

Mr. Speaker, if you look at the absorption rate, I have discovered that we really spent a lot on the recurrent while we are moving very slowly on observing the development monies. If you look at the development, more so on health sector, when we had invited the Executive on the issues of budget process, they had staff audit, Mr. Speaker, bearing in mind that the health sector is the one carrying a lot of money but still when you go on the real sense on the ground on the facilities, you find that we still don't have adequate skilled labour. Mr. Speaker, we still have the issue of wage bill.

Mr. Speaker when we visited Ndithini health center, we found that they have only one nurse and they have a pharmacy without a pharmacist. I do not know Mr. Speaker what we have to do because although we are saying that we have a ballooning wage bill, we still in lack; we still do not have enough staff in skilled labour. So Mr. Speaker we need to come up with the best strategies and see what can be done to make sure that we equip our facilities with enough staff.

Mr. Speaker, I was asking myself if we had this Ksh. 58 million on health sector and we did not manage to utilize them when we still don't have CT-scan machines. It is time this House pushes the Executive to make sure that we do not have to fail to absorb monies meant for development. We need to put all measures in place to make sure that all monies meant for development at least we spent something to close 100 percent of the same amount. Otherwise, Mr. Speaker, this is a nice report and I support fully.

Hon. Deputy Speaker: Thank you Hon. Cosmus Masesi. Hon. Jeremiah.

Hon. Munguti: Thank you Mr. Speaker. Mr. Speaker, I would like first to commend on the committee which brought this well elaborated report through the chairman. Mine was an

observation from the committee that the Controller of Budget has made a progression in addressing some challenges which had been cited on the issue of audit on the Section 155 of the PFM Act 2012.

Mr. Speaker, looking at the own source revenue, it is a challenge to our county that we are not maximizing our own source revenue and this is because we are lacking people who are able to collect the revenue in the right direction. Mr. Speaker, you will agree with me that as we were amending the issue of car parking revenue on this House, we agreed that nobody should pay cash in terms of revenue collection and we identified and put in writing that all the Bus Parks that we have in Machakos County, the money should be paid in monthly terms.

But Mr. Speaker, on observation when we are looking around, we found that our car parking are collecting cash and even given receipts which are handwritten. I want to believe that is where we are losing a lot of money. This county is capable of collecting three billion in our own revenue; and therefore through this House, I would request the Implementation committee to look in to our revenue collection in terms of Bus Parks is done on monthly basis as we agreed.

Also on the recommendations of the committee; I have noted with a lot of concern that much of the conditional grants which are coming in to our county have not been utilized simply because the monies are not appropriated in the right way. It would be so disturbing to find that money coming through grants is not even accessible because of the transparency and accountability of our Executive staff.

Mr. Speaker it is also my concern that we look in to the County Public Service Board because of the ballooning wage bill. We need to have a work establishment in all the departments so that we can ensure that we have the minimum workers within our departments so that we can maximize on the development issues rather than the recurrent which is eating a lot of money. When you look at 62 per cent against 35 per cent, we are overboard on issues of recurrent and if we can bring down the number of staff that are employed in the county, Members, you will agree with me that we can maximize on development issues which can bring a great impact on our county.

I have noted that the committee was very keen on the first half because they have noted some errors which were from the CoB; they had written that we had spent Ksh. 2.52 billion instead of Ksh. 2.2 billion. This is a very major concern of the committee and showing that you are following keenly on how the monies were spent. Over and above, Mr. Speaker, mine will be a request from this House that there might be no typos from the report because when you look at recommendation No. 6 of the committee that there was no clarification of classification of expenditure on the CoB categorizing the MCAs allowances, insurances and compensations as Operations and maintenance whereas SRC classifies them as personal emoluments.

These are things in one or the other affecting our spending during our sitting allowances. Therefore, my request is; we maximize on all the monies which are budgeted for this half and my concern as we start another half and I request all the committees to ensure that they pull up their socks so that they may be hand in hand with the departments so that all quarterly reports are brought in time for major scrutiny. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Jeremiah. Hon. Mueni.

Hon. (Ms.) Mueni: Thank you, Mr. Speaker. Mine is on the office of the Governor because since 2013, we have been giving the Office of the Governor money and now it is 2019

and I think the Governor has moved from the office because he was hiring the office and he is at Mlolongo. So I don't know what is happening to the office, how far it has gone so I ask the Assembly to know about the office of the Governor because when he moves from Machakos he has taken the powers to Mlolongo. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. Mueni. Hon. King'ori.

Hon. King'ori: Thank you, Mr. Speaker. I want to air my views about the Labor and ICT; the money they are using has not been budgeted yet because what they are doing is wrong and we have to change things and recommend something different. If all departments get their monies and that money is then utilized in the labor and ICT, it doesn't augur well on accountability and transparency and to avoid corruption in this county.

As for now, as the report says, it has absorbed 545 per cent in recurrent expenditure of all the money of the county. I believe that all departments have been joined together on salaries and recurrent and that is why we are having a high wage bill and yet we do not have enough workforce at the ground; it means there is something wrong about it and we should check well on that.

I think the best thing is to ask the Chief Officers because they are the accounting officers to be accounting for their personnel so that we do not lose money on transit by using ICT which is not legal because it is not recommended to utilize money that has not been allocated to it. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you, Hon. King'ori. Hon. Helen.

Hon. (Ms.) Ndeti: Thank you, Mr. Speaker. I congratulate the committee on budget; they have tried to do all these analysis for us. My disappointment is not the absorption rate or no development expenditure is below par and maybe that is the more reason why the national government feels that they should not release more funds to the counties. We need to ask ourselves, why are we not spending these monies that we are been given for development.

The other thing that I noticed is that the Assembly returned almost Ksh. 236 million unutilized; why would that happen? Another thing I have noted is that our county has not been able to access funds conditional grants from several bodies and I do not understand why do we need the Senate to get involved in ensuring that these funds are released? Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you. May I call upon Hon. Angela to respond on the issues raised.

Hon. (Ms.) Munyasya: Thank you, Hon. Speaker. Members, thank you for participating actively in the debate. Mine is to urge all the Members especially in the various committees to note that the budget cycle is a continuous process; let us not be caught up towards the reading of the budget with issues that we could have sorted all the way from the beginning of the budget. Let us invite the CECs and the COs, interact with them and brush out any queries that arise from the budget so that at the end of it we shall all be organized and we shall not have to be rushed to pass a budget in a hurry. Thank you, Mr. Speaker.

Hon. Deputy Speaker: Thank you Hon. Angela for responding.

(Question put and agreed to)

(Applause)

Hon. Members, as I conclude, I would like to point out a few issues now that the House has adopted the report. The first is on the monies being carried forward on the previous accounting period to the current accounting period. If you listened to the report, some Ksh. 1.41 billion was brought forward and the committee noted that these funds had not been budgeted for.

During the budget process, we were advised about the need to budget for projects which are incomplete which should have had an amount of Ksh. 1.41 billion to cater for that because these funds which are carried forward in to the next financial year normally are for the projects which were started in the previous accounting period.

So I would be requesting the budget committee of which I am a Member to be getting a list of any monies which are carried forward; which projects have been committed to those monies. Recurrent expenditure is never carried forward, it is only development funds which are carried to the next year. So every year I will be requesting the budget committee to present to the House a detailed analysis of the projects or the funds being carried forward from one accounting period to the other.

The other key item in the issue of revenue collection as raised by Hon. Jeremiah and a few other Members that we are still below par in as far revenue collection is concerned and this is because of lack of automation of the revenue collecting procedures. I would be requesting the finance committee to concentrate on the mandate given to them by this Assembly and ensure that they advise or work closely with the Executive in raising local revenue collection.

I am very sure that with automation, local revenue in this county can be able to go above Ksh. 3 billion shillings a year. The amount of funds being lost through receipting and the quarrying areas which are being done manually, if we did automation it will be a game-changer. I am again requesting the chair of finance committee and his team to ensure that they concentrate on ensuring that those issues are worked upon.

The issue of timely presentations; this report was brought in April, and the reason it has come to this House late is because it is brought in April at the same time the budget for this year is presented. So the budget committee concentrated on the budget for this year as a priority before going back to this report. So we will be requesting the budget committee to ensure that these reports which are supposed to be submitted quarterly come on a quarterly basis.

We should have been reviewing these reports ideally in the beginning of February when we open the House so that we can be able to put input and have some time for any recommendations done by the House to be taken up by the Executive and implemented in the second half of the year.

The other time is on the labor issue which has been noted by most of you; that we insisted as a budget committee this year that labor should be report in each specific department and not lumped together under public service and ICT. During the budgeting process that is exactly what was put there. I would urge all Chairs of committee to ensure that when they are engaging the Executive and the various CECs and COs, they get confirmation from them that salaries and wages are being charged in to the departments account and not being transferred

into Public Service and ICT account where you cannot be able to distinguish who is spending what or not spending.

That needs to be taken carefully and I believe it will be the help us in addressing the issue of the ballooning wage bill.

ADJOURNMENT

Hon. Deputy Speaker: Hon. Members, with those few remarks, the House stands adjourned to 16th July 2019 at 2.30 p.m.

The House rose at 11.30 a.m.