

MACHAKOS COUNTY ASSEMBLY**OFFICIAL REPORT****Wednesday, 18th May, 2016**

The House met at 10.05 a.m.

*[The Speaker (Mr. Mung'ata) in the Chair]***PRAYERS****NOTICE OF MOTION****BUDGET IMPLEMENTATION REVIEW REPORT 2014/2015**

Hon. Kasimu: Thank you, Mr. Speaker, Sir. Mr. Speaker, Sir, I wish to give notice of the following motion; THAT this Hon. House discusses and approves the Machakos County Budget Implementation Review Report 2014/2015. Thank you, Mr. Speaker, Sir.

Hon. Speaker: Thank you. Notice issued. Proceed.

MOTION**BUDGET IMPLEMENTATION REVIEW REPORT 2014/2015**

Hon. Kasimu: Mr. Speaker, Sir, aware that the office of the Controller of Budget is mandated to oversee the implementation of both the National and County budgets by ensuring that the public resources are used in accordance with the law and aware that the office of the Controller of Budget provides County Budget Implementation Review report to provide information to the public on budget implementation progress.

Mr. Speaker, Sir, the Constitution of Kenya Article 228 (6) states that, 'every four months, the Controller of Budget shall submit to each House of Parliament, report on implementation of the budgets of the National and the County Governments. The Controller of Budget ensures continuous monitoring of usage of public funds.

Mr. Speaker, Sir, I wish to move the motion that this Hon. House discusses and approves the Machakos County Budget Implementation Review report 2014/2015. Thank you, Mr. Speaker, Sir. I call upon Hon. Sammy Nduva to second the motion.

Hon. Nduva: Thank you, Mr. Speaker, Sir. I second the motion that this House should discuss and approve the Budget Implementation Review report 2014/2015. Thank you, Mr. Speaker, Sir.

Hon. Speaker: Thank you. The motion is laid. Proceed with the report.

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Hon. Kasimu: Mr. Speaker, Sir, on behalf of the Budget and Appropriation Committee and pursuant to the provision of Standing Order 186, it is my privilege to present to this Hon. House, the report of Budget and Appropriation Committee findings on the Controller of Budget report, for the period ending 2014/15.

Mandate of the Committee

Mr. Speaker, the 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 Appropriation Committee which is mandated to, investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.’

Mr. Speaker, Sir, the main objectives of the committee are therefore to ensure that public funds are well utilized and the public realizes value for money in all government expenditure. The bases of the Committee’s execution of its mandate is annual and on special reports.

Committee Membership

Mr. Speaker, the committee is constituted by this Assembly comprises of the following members;

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|--------------------------------|------------------|
| 1. Hon. Wilson Kasimu | Chairman |
| 2. Hon. (Ms.) Christine Mutune | Vice Chairperson |
| 3. Hon. (Ms.) Ruth Ndumi | Member |
| 4. Hon. Charles Mutisya | “ |
| 5. Hon. Sammy Nduva | “ |
| 6. Hon. Renson Muthiani | “ |
| 7. Hon. John Sila | “ |
| 8. Hon. Peter Nzioki | “ |
| 9. Hon. (Ms.) Jacqueline Nziva | “ |

BUDGET IMPLEMENTATION REVIEW REPORT 2014/15

Mr. Speaker, the Machakos county budget implementation review report by the Controller of Budget provides the status of the county budget implementation against budgeted estimates for the year 2014/15. The report is prepared in the fulfillment of Article 228 (6) of the Constitution of Kenya, and section 39 (8) of the Public Finance Management Act 2012. The expenditure analysis is based on the actual expenses reported during the period against the budget which is broadly classified into recurrent and development activities.

Mr. Speaker, Sir, the Controller of Budget report reflects how actual financial performances for the previous financial year may have affected in compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for the financial year.

Observations

Mr. Speaker, the report shows a detailed analysis on revenue received and collected against the expenditure for the 2014/2015 financial year. Mr. Speaker, Sir, the report of the

Controller on Machakos County reflected the following; revenue for the county in the fiscal year, and the expenditure as approved by this Hon. House was Ksh. 9.26 billion and was expected to be sourced as follows:-

1. Equitable share	- Ksh. 6.06 billion
2. Local collection	- Ksh. 2.85 billion
3. Conditional Grants from Danida	- Ksh. 24.32 million
4. Other loans	- Ksh. 278 million
5. Balance brought forward	- Ksh. 15.53 million

Mr. Speaker, Sir, the actual receipts during the year amounted to Ksh. 7.6153 billion tabulated as follows:-

1. Equity share	- Ksh. 6.09 billion
2. Local sources	- Ksh. 1.37 billion
3. Balance brought forward	- Ksh. 5.53 million

Mr. Speaker, Sir, the spending on members' sitting allowances, domestic and foreign travels was within the extents approved by Salaries and Remuneration Commission (SRC). The highest spending by the County government was Ksh. 2.127 billion spend on roads grading, gravelling, construction and civil works.

Mr. Speaker, Sir, the county improved on local revenue by 17 per cent above the previous year collections from Ksh.1.17 billion to Ksh. 1.37 billion, an increase of Ksh. 200 million. Mr. Speaker, the Controller of Budget highlighted the progress and made to address the challenges faced by the county which include:-

- i. Training and recruitment.
- ii. Embracing of the IFMIS system.
- iii. Increased recruitment.
- iv. Constituting of a county audit committee.
- v. The Wage bill which is taking the county to its knees.

Recommendations

Mr. Speaker, Sir, the committee recommends that the county government adheres to the recommendations of the budget and appropriation committee to suspend recruitment. The government has been recruiting in large numbers and above the budget estimates, instead of recruiting for hospitals which are understaffed.

Mr. Speaker, Sir, the County Treasury should devolve funds appropriated by this Hon. House for each department for control, accounting and planning. An accounting officer without control on funds may likely underperform and lead a blame game. Control of funds single handedly by the finance and revenue management department has frequently strained other departments.

Mr. Speaker, Sir, the committee recommends an audit of staff and their attached salaries be carried out to match with the recommendations of Salaries and Remuneration Commission. The wage bill should be restrained at sustainable levels.

Mr. Speaker, Sir, it is therefore my pleasant duty and privilege, on behalf of the budget and appropriation committee, to table this report of Controller of Budget on the Annual budget implementation review, for the year 2014/2015 to this Hon. House for consideration. Thank You, Mr. Speaker.

Hon. Speaker: Thank you, the report is now before the House for consideration. Hon. Members, you realize that the purpose of this report, which is a statutory procedure, is to enable us generate business on the issues that you find the County is underperforming by way of motions, statements and papers. You may proceed with contributions. Thank you. Hon. Kamitu.

Hon. Kamitu: Mr. Speaker, Sir, in regard to the Budget and Appropriation Committee Report and as per your statement that we are supposed also to follow, maybe some of the statements that were done in this House, I would rather say that, this is a good report but our concern is that we have also seen in their recommendations and they are talking about the wage bill and the number of employees that are being employed in relationship to what we are getting from the Central Government, what is also being collected from the County as revenue in contrast to what we are supposed to do in regard to recurrent and development.

Otherwise, this is a good report but our concern now should be on those lines. There were some instructions you are very much aware, Mr. Speaker, Sir, a circular that came from the Government that we must be able to account for our employees. We must also be giving out returns of how many employees we have so that we may not be having or we may not be getting money from the Central Government, we may not be having money, we may not be getting money from the Revenue Collection and all of it is going as recurrent expenditure. For any County and for any country to develop, there must be money for development.

So, it is on that regard, Mr. Speaker, Sir, that this report from our Chairperson, it is a report that should be taken very seriously and it is on that regard that we should debate or we should move out and debate now on the floor of the House, talk of those measures that are supposed to bring harmony in regard to expenditure and expenditure in relationship to what we receive. Otherwise, it is a good report and seriously, this Hon. House should be on its feet so that we may not be running a Government where at the end of everything we might be talking of a County in bankruptcy. Thank you, Mr. Speaker, Sir.

Hon. Speaker: Thank you. Any other contribution? Yes Hon. Katela

Hon. Katela: Thank you, Mr. Speaker, Sir. I support the report and the motion totally and I would also like to swim in the same stream with Hon. Kamitu because what is eating on us mostly is salaries and allowances, if I could say and being the Chairperson of Labour, we have recommended many times that we should cut down on recruitment but, Mr. Speaker, we are still employing and if we were employing nurses and doctors, that one nobody can refuse because we do not have enough doctors and nurses. But now some departments are employing like the case,

the other day of revenue collectors, I understand more than 200 other new employees were employed and the old ones were left without letters.

We will be giving the Chairperson Budget committee a lot of problems because every other time, if we hear that people have not been paid and they are on the roads demanding for haki yao (their rights) it is like the Budget committee Chairperson has done nothing but he has done what he could according to that day's budget but if somebody else goes round and employs people, Mr. Speaker, that is where we are losing and it is even costing our development. So, I think the budget is good. I feel satisfied but then there is also some money we should consider of paying gratuity which we said we should be paid for old workers of the former defunct County Councils. We should also consider that and stop employment. Thank you, Mr. Speaker.

Hon. Speaker: Thank you. Yes, Hon. Raphael.

Hon. R. Mutuku: Thank you, Mr. Speaker, Sir. May I first take this opportunity to congratulate the Chairperson-elect Hon. Willy Mukewa as the Chairperson taking the mantle from one Hon. Isaac Muinde.

(Applause)

May I also congratulate the Vice-Chairperson, Hon. Christine Mutune for the election and I urge them that they should take the duties before them with a lot of seriousness so that they can sort some of the messes that have been there. Mr. Speaker, I am supporting the report that has been brought by the Chairperson, Budget committee and I have one major comment that I would like to comment on the report, that this is a report on the implementation review for the budget 2014/2015. I would urge the Chairperson, in future, to maybe give more details on how the expenditure was spent and the other thing that I would comment is on page three, whereby they are talking of developing the local revenue by 17 per cent from the previous year.

Mr. Speaker, if you look at the big volume that is on table one that was the report from the office of the Controller of Budget, the target of the County was Ksh. 2 billion and just raising Ksh. 1.3 billion was minimal. That means either money from the account is being siphoned or those who are supposed to collect the revenue are not doing what they are supposed to do.

We cannot have a target then even we do not go up to 75 percent. We are very low. What I will urge the committee on finance, where I also sit as a member, is we sit down and maybe look at some of the measures that we can put in place to increase our revenue collection. Mr. Speaker, I also want to comment something on the spending, sitting allowances of the members of the county assembly. If you look at the percent that is contained in the report is 54.5 per cent which is very minimal.

I would urge members maybe we create a lot of business so that we can take advantage of this money which is set aside for us since most of the time we may lack business hence money is there to facilitate the committees to come up with business for this House. Otherwise, Mr. Speaker, I support the report with the observation that, in future, it should be more detailed on how the funds that have been raised are being spent. Thank you Mr. Speaker, Sir.

Hon. Speaker: Thank you. Hon. Nduva.

Hon. Nduva: Thank you Mr. Speaker, Sir. I was rising to make a comment on the report and Mr. Speaker, I support the report as it is read by the chairman of budget and appropriation committee. Mr. Speaker, I think the area that I wanted to handle has been handled by Hon. Mutuku and that the area of the revenue collection because despite the wage bill and other commitments of funds by our county government, Mr. Speaker, we need to enhance the collection of revenue because many a times we are below the budgeted amount that we are supposed to collect in a year but Mr. Speaker, the same has been commented on by the Hon. Mutuku. So Mr. Speaker I support the report.

Hon. Speaker: Thank you. Yes let us hear Hon. Kilonzo.

Hon. T. Kilonzo: Thank you, Mr. Speaker. I support the report but as the other members have said, we have a very big problem in revenue collection. Mr. Speaker, there must be something wrong because we have so many revenue clerks and they are collecting very little. There must be something wrong. We must have either task force or something to check on what is happening in revenue collection, both in the towns and where sand is being harvested. So Mr. Speaker, either the revenue collectors or the inspectors are doing their work. This month, we should have actually gone up to 75 percent or 60 percent improvement but from Ksh. 1.7 17 billion to Ksh. 1.37 billion, that is very little comparing to the number of collectors we have and what we have been seeing.

Mr. Speaker, I am talking with experience. When we had the municipal councils, Mr. Speaker, we had so few revenue collectors but we could collect money a big number of amounts more than what we have now from so many workers. There must be something wrong and I urge the chairman finance, who is an experienced chairman, who was the chairman for finance in the last five years, to improve or tell us what is happening in that area. Thank you, Mr. Speaker.

Hon. Speaker: Thank you. Let us hear the chairman of finance committee.

Hon. Nzeki: Thank you, Mr. Speaker. I am the Chairman of finance committee which I understand it is a department which is supposed to be collecting a lot of revenue. Mr. Speaker, Sir, let me talk about page 3, that is local sources. We see we collected Ksh. 1.37 billion which is said that it is a bit high. I do not believe in it. We are supposed to collect more than what is illustrated here.

Mr. Speaker, Sir, the report from chairman is good and I congratulate him for the first time, he was in a different committee and now he is the chairman of the most powerful committee in this county and he has brought a very good report. So on the side of local sources, Mr. Speaker, Sir, I understand the reason why we are under-collecting is this people are not employed on permanent basis and they have no appointment letters.

So you will find if I do not have an appointment letter, I am deemed to be sacked any time any time and I do not have to go to unions. Mr. Speaker, Sir, I recommend that at least, because the report is talking of 2014/15 financial year, I ask this Hon. House to recommend that

all the employees, that is the revenue clerks, be employed permanently. Otherwise, I cannot work, collect money to bring to this county and I have no appointment letter.

Again the reason why there is under-collection is there is delay of paying of peanuts. They are given Ksh. 12,000 and if you are collecting over Ksh. 20,000 and you are paid Ksh. 12,000 again other people are collecting Ksh. 450,000 they are given one month Ksh. 12,000, they find it is too low for them to have morale in collecting. So, incentives is also a factor that is making under-collection to be in this county.

They are supposed to be given at least some allowances. You find if somebody is working on Sunday and he is not even given overtime. If you do not give overtime somebody might even give himself overtime. He collects and puts in his pocket. So, Mr. Speaker, Sir, appointment letters, delaying of salary payments and incentives and as we heard from Hon. Katela, he was talking about employment of new revenue collectors. It is not bad. They are supposed to be employed and be given appointment letters.

What I understand is that, now they are given appointment letters. So, Mr. Speaker, Sir, as concerns the employment which is undergoing, those collectors are being given appointment letters and their salary I understand has been raised from Ksh. 12,000 to Ksh. 24,000. Thank you Mr. Speaker, Sir. I commend the chairman for budget and appropriation committee.

Hon. Speaker: Let us hear Hon. Ndolo there. Let us take the point of information.

Hon. Kamitu: *(On a point of information)* Mr. Speaker, Sir, this is also in line with what the chairman for finance committee has said and I am standing here to inform the House that already there is *ad-hoc* report in regard to the revenue collection, so what we can do or what I can say, because I am a member of that *ad-hoc* committee in regard to revenue collection, is only to hasten our chairman and the committee to move fast so that some of the factors that have been raised here can be brought into this House as a report so that we may see what are the challenges that are supposed to be carried out so that our revenue collection may come up. Otherwise, thank you, Mr. Speaker.

Hon. Speaker: Thank you. It is a good point. Let us hear Hon. Ndolo and then we hear the mover.

Hon. Ndolo: Thank you Mr. Speaker, Sir, on the issue of local collection which members are contributing a lot on, as you see our expectation was Ksh. 2.85 billion and our collection tabulation here is Ksh. 1.37 billion which is low. Comparing Ksh. 2.8 billion and Ksh. 1.37 billion and since we entered in this assembly, our collection has been below and this is bringing a lot of issues and our expectation.

Something has to be done and we have also to look at the system of collecting and also banking. The way our money is being collected and the way it is being banked. The other issue is, as the Controller of Budget has cited, the challenges that we are also facing is the issue of the wage bill which is taking the county to its knees. This is the issue about the public service board, we need to have a report here showing the number of people that are being employed and what

they are earning and an audit should be done and brought to this assembly. Thank you Mr. Speaker, Sir.

Hon. Speaker: Thank you. Let us hear Hon Chairperson there.

Hon. Itumo: Thank you, Mr. Speaker. I applaud this report that emanates from budget committee that is led by the chairman Hon. Kasimu who is my neighbor. Mr. Speaker, a lot of stress or emphasis have been put on the issues of local revenue collection whereby even we did not meet half-way of our expectation which was about Ksh. 2.8 billion. Mr. Speaker, time and time again we have been talking about issue of the wage bill, issues of theft in local revenue collection whereby I even stated sometimes, Mr. Speaker, where sometimes at a place, yes, when I was at my leisure, one of the revenue collectors was behaving in a manner that I even thought was maybe trying to get my seat, Mr. Speaker.

Mr. Speaker, you cannot imagine collecting big amounts of money and earning less than Ksh. 20,000, Mr. Speaker. Again, you realize there is a lot of delay in payments as far as these clerks are concerned, Mr. Speaker. If a revenue collector may take three months without payment, Mr. Speaker, how can you imagine of just tying a donkey's mouth when it is just ploughing at green pastures, Mr. Speaker. This is unheard of. It is very bad, Mr. Speaker. These revenue collectors are supposed to be sworn in so that they must be trust worthy and again they should be paid on time, Mr. Speaker.

(Applause)

Mr. Speaker, I will not talk much because as far as the wage bill is concerned we are even talking about the askaris, they graduated, they did what and up to date, it remains a puzzle because no member in this House knows what went on as far as those askaris are concerned. Thank you, Mr. Speaker. I support the report and I urge the House to be strict on matters concerning what I can call external forces as far as the economy of this county is concerned, Mr. Speaker.

Hon. Speaker: Thank you. Let us hear the mover of the motion.

Hon. Kasimu: Thank you, Mr. Speaker. I want to thank the Hon. House for the support they have given to the committee on budget and appropriation committee. Yes, we have given our own recommendations that our employees must be in permanent basis and delaying payment must be stopped. The House must crack the whip on the issue of the wage bill. Mr. Speaker, Sir, we will support this House as the budget committee and we will work with the finance committee to see that this county will succeed in its endeavor to serve the people of Machakos well. I want to thank you and thank the House for the support they have given to this committee. Once again, thank you, Mr. Speaker.

Hon. Speaker: I proceed to put the question.

(Question put and agreed to)

The report is adopted as considered. Any other matter?

ADJOURNMENT

Hon. Speaker: That is all about the business of this morning we will meet later in the afternoon.

The House rose at 10.37 a.m.