

REPUBLIC OF KENYA  
COUNTY GOVERNMENT MACHAKOS  
COUNTY ASSEMBLY MACHAKOS



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THIRD ASSEMBLY

THIRD SESSION

BUDGET AND APPROPRIATIONS COMMITTEE

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THE BUDGET AND APPROPRIATIONS COMMITTEE SECOND REPORT ON THE 1<sup>ST</sup>  
SUPPLEMENTARY BUDGET ESTIMATES FOR THE FY 2024/2025

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DECEMBER, 2024

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# MACHAKOS COUNTY SUPPLEMENTARY BUDGET NO. 1 FOR FY 2024/25

## 1.0 OVERVIEW

1. Hon. Speaker, the 1<sup>st</sup> Supplementary Budget for FY 2024/25 was tabled before the House on 26<sup>th</sup> November, 2024 and committed to the Budget and Appropriations Committee. The Supplementary Budget is prepared in accordance with section 135(2) of the Public Finance Management Act, 2012 which stipulates that a County Government shall submit a Supplementary Budget in support of the additional expenditure to seek authority for spending through the County Assembly. The law provides that an Appropriation Act can only be amended through a supplementary budget.
2. The Machakos County 1<sup>st</sup> Supplementary Budget for FY 2024/25, seeks to amend the FY 2024/25 Appropriation Act to accommodate internal vote re-alignments, equalization fund, increase in conditional grants and FY 2023/24 cash balances.

## 1.1 Mandate of the Committee

3. The Budget and Appropriation committee derives its mandate from standing order No. 186 (3) (a) which 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”.
4. Further, the standing order mandates the committee to; Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget; discuss and review the estimates and make recommendations to the Assembly; Examine the County Budget Policy Statement presented to the Assembly; Examine Bills related to the county budget, including Appropriations Bills; and evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays. 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 expenditures.

## 1.2 Committee Membership

5. The Committee of Budget and Appropriation as constituted by this Honorable Assembly comprises of the following Members: -
  1. Hon. Dominic Ndambuki - Chairperson

- |                          |                    |
|--------------------------|--------------------|
| 2. Hon. Justus Mutuku    | - Vice Chairperson |
| 3. Hon. Judas Ndawa      | - Member           |
| 4. Hon. Phoebe Koki      | “                  |
| 5. Hon. Peter Kilonzo    | “                  |
| 6. Hon. Nicholas Nzioka  | “                  |
| 7. Hon. Stephen Mwanthi  | “                  |
| 8. Hon. Margaret Ndalana | “                  |
| 9. Hon. Winfred Mutua    | “                  |

## **SECRETARIAT**

1. Ms. Evelyn Kimote -Senior Clerk Assistant
2. Ms. Mary Nzemi -Clerk Assistant
3. Mr. Sylvester Nzangi - Senior Fiscal Analyst
4. Mr. Shadrach Mbithi -Fiscal Analyst
5. Ms. Margaret Wania – Legal Officer
6. Ms. Mwikali Mwaniki - Hansard Officer
7. Ms. Abigael Mulei - Commissionaire

### **1.3 Overview of the 1<sup>st</sup> Supplementary Budget Estimates**

6. The Committee notes that this Supplementary Budget has subjected the County Budget to:
  - a) Increase in Development budget by Kshs. 474,447,714.00
  - b) Increase in Recurrent budget by Kshs 758,765,288.00.

### **1.4 Adherence to legal provisions**

7. The format, structure and content of the supplementary budget is as stipulated in legal documents i.e the Kenya Constitution, 2010, Article 201 the PFM Act, 2012 Section 135 (2) Regulations. Some gaps have been observed in the 1<sup>st</sup> Supplementary Budget for FY 2024/2025.

### **1.5 Key proposed changes**

8. The key proposed changes in the 1<sup>st</sup> Supplementary budget are: -
  - i Provision for equalization fund of Kshs. 12,923,347.00
  - ii Increase in conditional grants from Kshs. 1,000,511,971.00 to Kshs. 1,436,949,815.00
  - iii Provision for return to CRF/Cash balances for fy 2023/24 of Kshs. 783,851,812.00
9. Under the development budget the major changes are coming from the following departments;
  - a) Roads, Transport and Public Works - decrease by Kshs. 17,307,868.00
  - b) Health - increase by Kshs. 34,856,752.00

- c) Finance, Economic Planning and Revenue Management – increase by Kshs. 483,342,785.00
- d) Gender, Youth, Sports and Social Welfare – decrease by Kshs. 93,464,639.00
- e) Trade, Industry, Tourism and Innovation – increase by Kshs. 141,563,983.00
- f) Education – decrease by Kshs. 4,622,671.00
- g) Office of the Governor – decrease by Kshs.6,517,885.00
- h) Agriculture, Food Security and Cooperative Development – decrease by Kshs. 84,911,038.00
- i) Lands, Urban Development, Housing and Energy – increase by Kshs. 18,844,511.00
- j) Water, Irrigation, Environment and Climate Change - increase by Kshs.58,476,451.00
- k) County Public Service Board – decrease by Kshs. 3,796,931.00
- l) Devolution – decrease by Kshs. 45,505,736.00
- m) Office of the County Attorney - decrease by Kshs. 6,510,000.00

10. Under recurrent, the proposed changes are as shown below;

- a) Roads, Transport and Public Works increase of Kshs. 32,910,514.00
- b) Health increase of Kshs. 105M
- c) Finance, Economic Planning and Revenue Management – increase by Kshs. 161,946,670.00
- d) Gender, Youth, Sports and Social Welfare – decrease by Kshs. 600,150.00
- e) Trade, Industry, Tourism and Innovation – decrease by Kshs. 440,424.00
- f) Education –increase by Kshs. 201,768,566.00
- g) Devolution – increase by Kshs. 242,099,999.00
- h) Water, Irrigation, Environment and Climate Change - increase by Kshs.17.4M
- i) Lands, Urban Development, Housing and Energy – decrease by Kshs. 1,934,500.00
- j) Agriculture, Food Security and Cooperative Development – increase by Kshs. 614,613.00

### 1.5 Financing the 1<sup>st</sup> Supplementary Budget Estimates FY 2024/2025

11. **Hon. Speaker**, the proposed resource envelope for the 1<sup>st</sup> Supplementary Budget is composed of:

- i. **Own source Revenue** - The County Government has retained its own source revenue at Kshs. 2,788,961,509.00
- ii. **Equitable share** - Pursuant to Article 202 (1) of the Constitution, the equitable share allocated to the County Government of Machakos in the FY 2024/2025 based on the revenue raised nationally is Kshs. 9,914,003,936.00.

- iii. **Conditional Grants** - The conditional grants increase by Kshs.436,437,844 from Kshs. 1,000,511,971.00 to Kshs. 1,436,949,815.00
- iv. **Unconditional grants** - The unconditional grants remain at Kshs. 1,708,218.00
- v. **Hospital Revenues** - The County Government has retained the Hospital Revenues at Kshs. 687M.
- vi. **Equalization Fund** - The County Government has provided for equalization fund amounting to Kshs. 12,923,347.00
- vii. **Cash balances FY 2023/24** – The County Government has provided for cash balance of Kshs. 783,851,812.00.

### 1.7 Expenditures

12. **Hon Speaker**, the proposed expenditure for the County Government of Machakos increases from Kshs. 14,392,185,634.00 to Kshs. 15,625,398,636.00 consisting of: -

- a) Recurrent expenditure of Kshs.10,825,820,350.00 to cater for personnel emoluments of Kshs.6,598,032,112.00, operations and maintenance expenses of Kshs. 4,054,330,020.00 and current transfers of Kshs. 173,458,218.00.
- b) Development expenditure of Kshs. 4,799,578,286.00 constituting capital transfers/grants of Kshs.981,703,500.00 and acquisition of assets amounting to Kshs. 3,817,874,786.00, the effect being an increase of Kshs. 474,447,714.00 from the approved budget estimates for FY 2024/25. This translates to a development ratio of 30.72% while the personnel emolument ratio stands at 42.23%. The development ratio complies with fiscal responsibility principle which requires the same to be at least 30% while the ratio on personnel emoluments is more than the set threshold of 35% of the total revenue.

## 2.0 COMMITTEE BUDGET HIGHLIGHTS AS PER COUNTY TREASURY PROPOSALS

13. **Hon Speaker**, the Committee hereby highlights the 1<sup>st</sup> Supplementary Budget proposals FY 2024/2025 per department as follows:

DEPARTMENT	APPROVED BUDGET ESTIMATES 2024/2025			COUNTY TREASURY SUPP I PROPOSAL		
	RECURRENT KSHS.	DEVELOPMENT KSHS.	TOTAL KSHS.	RECURRENT KSHS.	DEVELOPMENT KSHS.	TOTAL KSHS.
Office of the Governor	797,345,769.00	59,830,059.00	857,175,828.00	797,345,769.00	53,312,174.00	850,657,943.00
Trade, Industry, Tourism and Innovation	157,017,292.00	130,575,969.00	287,593,261.00	156,576,868.00	272,139,952.00	428,716,820.00
Finance, Economic Planning and Revenue Management	994,884,450.00	246,636,671.00	1,241,521,121.00	1,156,831,120.00	729,979,456.00	1,886,810,576.00
Agriculture, Food Security and Cooperative Development	276,621,746.00	521,658,938.00	798,280,684.00	277,236,359.00	436,747,900.00	713,984,259.00
Health	4,242,640,010.00	572,722,244.00	4,815,362,254.00	4,347,640,010.00	607,578,996.00	4,955,219,006.00
Roads, Transport and Public Works	244,405,006.00	1,029,916,379.00	1,274,321,385.00	277,315,520.00	1,012,608,511.00	1,289,924,031.00
Education	560,803,754.00	110,410,378.00	671,214,132.00	762,572,320.00	105,787,707.00	868,360,027.00
Lands, Urban Development, Housing and Energy	253,137,941.00	326,915,650.00	580,053,591.00	251,203,441.00	345,760,161.00	596,963,602.00
Water, Irrigation, Environment and Climate Change	146,200,496.00	605,611,724.00	751,812,220.00	163,600,496.00	664,088,175.00	827,688,671.00

County Public Service Board	38,013,709.00	21,796,931.00	59,810,640.00	38,013,709.00	18,000,000.00	56,013,709.00
County Assembly	1,114,313,264.00	174,400,000.00	1,288,713,264.00	1,114,313,264.00	174,400,000.00	1,288,713,264.00
Devolution	1,010,248,037.00	117,987,127.00	1,128,235,164.00	1,252,348,036.00	72,481,391.00	1,324,829,427.00
Gender, Youth, Sports and Social Welfare	144,571,815.00	400,158,502.00	544,730,317.00	143,971,665.00	306,693,863.00	450,665,528.00
Office of the County Attorney	86,851,773.00	6,510,000.00	93,361,773.00	86,851,773.00	-	86,851,773.00
<b>Total</b>	<b>10,067,055,062.00</b>	<b>4,325,130,572.00</b>	<b>14,392,185,634.00</b>	<b>10,825,820,350.00</b>	<b>4,799,578,286.00</b>	<b>15,625,398,636.00</b>



### 3.0 COMMITTEE'S RECOMMENDATIONS

14. Hon. Speaker, the Committee recommends as follows:

<b>APPROVED FY 2024/25 SUPP. 1 BUDGET</b>				
<b>No.</b>	<b>Department</b>	<b>APPROVED SUPP. 1 RECURRENT BUDGET</b>	<b>APPROVED SUPP. 1 DEVELOPMENT BUDGET</b>	<b>APPROVED SUPP. 1 TOTAL BUDGET FY 2024/25</b>
1	Office of the Governor	797,345,769.00	53,312,174.00	850,657,943.00
2	Devolution	1,252,348,036.00	59,558,044.00	1,311,906,080.00
3	Trade, Industry, Tourism and Innovation	156,576,868.00	272,139,952.00	428,716,820.00
4	Finance, Economic Planning and Revenue Management	1,156,831,120.00	724,257,491.00	1,881,088,611.00
5	Agriculture, Food Security and Co-operative Development	277,236,359.00	455,393,212.00	732,629,571.00
6	Health	4,347,640,010.00	607,578,996.00	4,955,219,006.00
7	Roads, Transport and Public Works	277,315,520.00	1,012,608,511.00	1,289,924,031.00
8	Education	762,572,320.00	105,787,707.00	868,360,027.00
9	Lands, Urban Development, Housing and Energy	251,203,441.00	345,760,161.00	596,963,602.00
10	Gender, Youth, Sports, and Social Welfare	143,971,665.00	306,693,863.00	450,665,528.00
11	Water, Irrigation, Environment and Climate Change	163,600,496.00	664,088,175.00	827,688,671.00
12	County Public Service Board	38,013,709.00	18,000,000.00	56,013,709.00
13	County Assembly	1,114,313,264.00	174,400,000.00	1,288,713,264.00
14	County Attorney	86,851,773.00	-	86,851,773.00
	<b>TOTAL</b>	<b>10,825,820,350.00</b>	<b>4,799,578,286.00</b>	<b>15,625,398,636.00</b>

#### 4.0 GENERAL COMMITTEES' OBSERVATIONS

15. In processing the Supplementary budget, the Committee made the following observations:

- a) Provision for compensation of employees exceeds the set legal limit of 35% and stands at 42.23%.
- b) An increase in the overall development budget by Kshs. 474,447,714.
- c) Budgetary increase on County Aggregation and Industrial Parks (CAIPs) by Kshs. 191,555,385.00
- d) An increase in provision of Pending bills under development budget of Kshs. 524,110,087.00 and under recurrent budget of Kshs.101,637,547.00
- e) Provision of budgetary allocation for Kenya Urban Support Programme of Kshs. 89,217,574.00
- f) Scrapping of the Kshs. 63M being a capital grant for the Machakos Youth Empowerment/Service
- g) Scrapping of the total development budget under the Office of the County Attorney
- h) Reallocation of other infrastructure and civil works (modern kiosk) of Kshs 6.6M under the Department of Trade, Industry, Tourism and Innovation.
- i) Decrease in budget for construction of children rescue Centre, home of elderly amounting to Kshs. 26,747,471 in the Department of Gender, Youth, Sports and Social Welfare.
- j) Reduction of construction of ECDE classes by Kshs. 12,995,774.00 in the Department of Education.
- k) Scrapping of the budget for rehabilitation of slaughter houses Kshs.20,069,809.00 under the Department of Agriculture.
- l) A decrease in development budget for access roads by Kshs. 20,199,442.00
- m) An increase in the budget for specialized materials and supplies by Kshs.90M under the Machakos Level 5 Hospital.

#### 5.0 SUBMISSION FROM CECM FINANCE

16. The committee met the CECM for Finance, Economic Planning and Revenue Management on 29<sup>th</sup> November, 2024 to respond on concerns raised during the interrogation of the 1<sup>st</sup> Supplementary Budget Estimates 2024/2025. The following were his submissions;

- i. On the high wage bill was as a result of Health Sector which has an allocation of 3.5 bill which translates to 22% of the total budget and more than 50% of the total wage bill allocation.
- ii. Budgetary increase on County Aggregation and Industrial Parks (CAIPs) by Kshs. 191,555,385.00 the CECM informed the committee that the amount allocated for the department of trade was to cater for balance expected to be received from National Government for CAIP
- iii. On increase in provision of Pending bills under development budget of Kshs. 524,110,087.00 and under recurrent budget of Kshs.101,637,547.00 the CECM responded that the County has considered the need to pay pending bills and therefore there is increase in provision of Pending bills under development budget of Kshs. 502,463,775 and under recurrent budget of Kshs. 101,637,547.00.
- iv. Provision of budgetary allocation for Kenya Urban Support Programme of Kshs. 89,217,574.00 the CECM informed the Committee that Department of Urban had an Unspent balances for KUSP 1 –UDG for Machakos Municipality
- v. On reallocating all budget amounting to Kshs. 63M being a capital grant for the Machakos Youth Empowerment/Service, the CECM responded that, it was to enhance efficiency /effectiveness implementation of the youth empowerment programme Ksh 63M was moved from Gender, Youth and Social Welfare to the Department of Education.
- vi. To enhance the budgetary allocation for pending bills the CECM responded that all the pending bills were consolidated under Finance department thus the reduction of the following department allocations;
  - a) Development Budget allocated to the County Attorney office
  - b) Allocation of other infrastructure and civil works (modern kiosk) of Kshs 6.6M under the Department of Trade, Industry, Tourism and Innovation.
  - c) Allocation on construction of children rescue Centre, home of elderly amounting to Kshs. 26,747,471 in the Department of Gender, Youth, Sports and Social Welfare.
  - d) Allocation on construction of ECDE classes by Kshs. 12,995,774.00 in the Department of Education.
  - e) Allocation budget for rehabilitation of slaughter houses Kshs.20,069,809.00 under the Department of Agriculture.
  - f) Development budget for access roads by Kshs. 20,199,442.00

## 6.0 COMMITTEE'S RECOMMENDATIONS

17. Hon. Speaker, the committee recommends that;

- a) The committee recommends that personnel emolument ratio for staff be reduced from the current 42.53 % to 35% as required in the PFM Act, 2012. The County Treasurer needs to come with strategies of overcoming this violation.
- b) The County Executive ensures that absorption rate especially for development is within the set threshold of 30% as per the PFMA 2012.
- c) Payment of pending should be prioritized as they form the first charge in the budget which means they have to be paid before any other payment is done.
- d) That the County Treasury should adhere to the conditions set by the donors in order to access the conditional grants on timely basis.

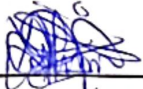
## 7.0 CONCLUSION

18. Hon. Speaker, with the approval of the 1<sup>st</sup> Supplementary budget for FY 2024/25 the County, should increase the absorption rate and avoid carrying forward balances that have been witnessed in the previous years.

## 8.0 ACKNOWLEDGEMENT

19. Hon. Speaker, the Budget and Appropriations Committee acknowledges the Office of the Speaker and the Clerk of the County Assembly for facilitating the Committee to undertake this exercise.
20. I wish to express my appreciation to the Honorable Members of the Committee who sacrificed their time to participate in the meetings and in preparation of this report.
21. Hon. Speaker, it is therefore my privilege, on behalf of the Budget and Appropriations Committee to table the 1<sup>st</sup> Supplementary Budget for FY 2024/25 before this Honorable House for consideration and adoption.

Thank you, Hon. Speaker.

SIGNED  \_\_\_\_\_ DATED: 04/12/24 \_\_\_\_\_

**HON. DOMINIC NDAMBUKI (MCA, KATHIANI CENTRAL WARD)**

**CHAIRMAN: BUDGET AND APPROPRIATIONS COMMITTEE**



REPUBLIC OF KENYA  
COUNTY GOVERNMENT OF MACHAKOS  
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**Adoption schedule for Report of the Budget and Appropriations Committee  
on report on 1<sup>st</sup> Machakos Supplementary budget Estimates FY 2024/25**

The report was adopted by the following Members:

**Date: 4<sup>th</sup> December, 2024**

NO.	COMMITTEE MEMBERSHIP	SIGNATURE
1.	Hon. Dominic Ndambuki –Chair	
2.	Hon. Justus Mutuku – Vice Chair	
3.	Hon. Nicholas Nzioka - Member	
4.	Hon. Stephen Mwanthi - Member	
5.	Hon. Judas Ndawa - Member	
6.	Hon. Phoebe Koki - Member	PK
7.	Hon. Peter Kilonzo - Member	
8.	Hon. Winfred Mutua - Member	
9.	Hon. Margaret Ndalana - Member	