

COUNTY GOVERNMENT OF KISUMU



COUNTY ASSEMBLY OF KISUMU

THE HANSARD

SECOND ASSEMBLY – FOURTH SESSION

Wednesday, 26th February, 2020

House met in the Main Chamber at 09:00 a.m.

(Temporary Speaker (Hon. Caren Muga) in the Chair)

PRAYERS

The Temporary Speaker (Hon. Muga): Good morning Honourable Members? I want to direct the Serjeant-At-Arms to ring the quorum bell.

(Quorum bell is rung)

The Temporary Speaker (Hon. Muga): Yes Honourable Chief Whip.

Chief Whip (Hon. Misachi): Thank you Madam Speaker. There are two Members outside the Chambers. We shall have the quorum once they are in.

The Temporary Speaker (Hon. Muga): Thank you. Yes Hon. Chief Whip.

Chief Whip (Hon. Misachi): We have the quorum.

The Temporary Speaker (Hon. Muga): Thank you. Mr. Clerk take us through the Order Paper.

COMMENCEMENT OF BUSINESS

MOTION

**REPORT ON THE FIRST KISUMU COUNTY SUPPLEMENTARY BUDGET ESTIMATES
FY 2019/2020**

BY

HON. STEVE OWITI

CHAIRPERSON, BUDGET AND APPROPRIATION COMMITTEE

The Temporary Speaker (Hon. Muga): Proceed Chair Budget and Appropriation.

Hon. Owiti: Thank you Madam Speaker and Honourable Members. Allow me to present to this House, the First Kisumu County Supplementary Budget Estimates FY 2019/2020.

PREAMBLE

Mr. Speaker and Hon. Members, on behalf of the Members of the Budget and Appropriations Committee and pursuant to Article 223 of the Constitution of Kenya, section 135 of the PFM Act, 2012, section 39 of the Public Finance (Regulations) 2015 and Standing Order No. 189. It is my pleasure to present before this House the Committee Report on the First Kisumu County Supplementary Estimates FY 2019/2020.

Mr. Speaker and Hon. Members, the County Executive Committee Member for Finance and Economic Planning forwarded to the County Assembly the Kisumu County First Supplementary Budget for the FY 2019/2020 vide a letter reference KC/FIN/C. ASSEMBLY/VOL. III/40 dated 12th February, 2020. This was tabled in the House as Paper by the Leader of Majority on Tuesday, 18th February, 2020.

Mr. Speaker and Hon. Member, pursuant to the provisions of section 135 of PFM Act, 2012 the Kisumu County Supplementary Budget for the FY 2019/20 was tabled in the Assembly on Tuesday, 18th February, 2012 and committed to the Select Committee of Budget and Appropriations for interrogation in accordance to County Assembly of Kisumu Standing Orders No. 189 (2) and 235.

Mr. Speaker and Hon. Members, I am pleased that the Committee had a fruitful engagement with the County Executive Committee Member for Finance and Economic Planning and his team regarding the Executive Budget Estimates FY 2019/2020.

COMMITTEE MANDATE

The Budget and Appropriations Committee is bestowed with the mandate as enshrined in the County Assembly Standing Order No. 189 (3) as below;

- (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 Budget Policy Statement presented to the County Assembly;
- (d) examine Bills related to the County Government budget, including Appropriations Bills; and
- (e) evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

COMPOSITION OF THE COMMITTEE

The Budget and Appropriations Committee is constituted as follows;

- | | | |
|---------------------------|---|------------------|
| 1. Hon. Steve Owiti | - | Chairperson |
| 2. Hon. Aslam Khan | - | Vice Chairperson |
| 3. Hon. Kenneth Onyango | - | Member |
| 4. Hon. Paul Okiri | - | Member |
| 5. Hon. Joachim Oketch | - | Member |
| 6. Hon. Benny Pete | - | Member |
| 7. Hon. Nancy Owiti | - | Member |
| 8. Hon. Vincent Jagongo | - | Member |
| 9. Hon. Seth Kanga | - | Member |
| 10. Hon. Joseph Olale | - | Member |
| 11. Hon. Jecktone Ojwang' | - | Member |
| 12. Hon. Maurine Otiang' | - | Member |
| 13. Hon. Johnson Guya | - | Member |
| 14. Hon. Beatrice Odongo | - | Member |
| 15. Hon. Seth Okumu | - | Member |

Committee Sitting

The Committee while processing the First Kisumu County Supplementary Estimates FY 2019/2020, the Committee held 7 (seven) sittings to interrogate, analyze and consider the Kisumu County Supplementary Estimates FY 2019/2020 before coming up with this report on the same which by extension it is a document that requires addressing of key issues that necessitated its preparations.

REASONS FOR THE PREPARATION OF THE KISUMU COUNTY SUPPLEMENTARY ESTIMATES FY 2019/2020.

The main objective of preparing the Kisumu County Supplementary Estimates FY 2019/2020 were necessitated by three key factors;

1. Increased allocation of Kshs 250,592,526.00 from the County Allocation of Revenue Act, 2019 which requires the Assembly to appropriate as indicated here below;

SUMMARY OF COUNTY FUNDINGS

	Estimates	Supplementary Estimates	
	2019/2020	2019/2020	Variance
Opening balance from CRF A/C	1,524,076,529	1,524,076,529	0
Equitable Share	6,696,000,000	6,836,400,000	140,400,000
DANIDA	21,971,250	20,625,000	(1,346,250)
KDSP(WORLD BANK)	49,642,674	30,000,000	(19,642,674)
Universal health Care areas		183,051,088	183,051,088
Universal health Care	274,576,632	274,576,632	0
Level 5 conditional Grant(reducing)	369,017,341	369,017,341	0
Conditional Allocation - Development of			
Youth Polytechnics	41,650,000	41,673,298	23,298
EU Water Tower Protection and Climate			
Change Mitigation and Adoption			

Programme	80,000,000	80,000,000	0
World Bank Grant for transforming health system	67,364,355	35,000,000	(32,364,355)
Sweden - Agricultural Sector			
Development Support Programme (ASDSP) II + Balance c/f in FY			
2017/2018	16,331,934	17,029,227	697,293
IDA World Bank Kenya Urban support Programme (KUSP)	773,573,300	773,573,300	0
IDA(World Bank)-Kenya Climate Smart Agriculture Project (KCSAP)	118,482,110	118,482,110	0
Kenya Urban Support Programme (KUSP)-Urban Institutional Grant	41,200,000	8,800,000	(32,400,000)
Conditional Allocation For compensation for user fee forgone	21,299,489	21,299,489	0
Conditional Allocation for Road Maintenance Fuel Levy Fund	181,881,624	194,055,750	12,174,126

EU Grant for Instrument for Devolution			
Advice & Support (IDEAS)	90,000,000	90,000,000	0
Total Share of National Revenue	10,367,067,238	10,617,659,764	250,592,526

2. Need for increased Allocation for Personnel Emolument (PE) to allow the Executive pay Salaries for their Staff up to June, 2020.
3. Directive from the National Treasury to settle all the eligible Pending Bills up to June, 2018 by 30th June, 2020.

ACKNOWLEDGMENT

Mr. Speaker Sir and Hon. Members, it is my privilege and pleasure on behalf of the Committee to convey my gratitude to all Members of the Committee for their valuable input throughout its proceedings. The Committee equally extends thanks to Members of Executive who came in handy to clarify issues that were flagged out by the Committee and felt that reasons need to be provided to enable them make informed decisions on the Estimates.

The Committee also thanks the CEC Member for Finance and Economic Planning and the County Treasury Team who were present to clarify grey areas arising from matters from the observation on the forwarded Estimates.

The Committee also appreciates invaluable support from the offices of the Speaker, Clerk of the County Assembly by providing conducive atmosphere to prepare this report. To our technical staff who tirelessly worked through to make this exercise a success, I applaud you.

It is now my humble desire and wish to hereby submit this report to the House for consideration behalf of the Budget and Appropriation Committee.

LEGAL FRAMEWORK UNDERPINNING THE PREPARATION OF THE SUPPLEMENTARY ESTIMATES FY 2019/2020.

1. ARTICLE 223 OF THE CONSTITUTION OF KENYA

SUPPLEMENTARY APPROPRIATIONS

According to the Constitution of Kenya;

- (1) Subject to clauses (2) to (4), the national government may spend money that has not been appropriated if-

- a) The amount appropriated for any purpose under the Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act; or
- b) Money has been withdrawn from the Contingencies Fund.

(2) The approval of Parliament for any spending under this Article shall be sought within two months after the first withdrawal of the money, subject to clause (3).

(3) If Parliament is not sitting during the time contemplated in clause (2), or is sitting but adjourns before the approval has been sought, the approval shall be sought within two weeks after it next sits.

(4) When the National Assembly has approved spending under clause (2), an appropriation Bill shall be introduced for the appropriation of the money spent.

(5) In any particular Financial Year, the National Government may not spend under this Article more than ten percent of the sum appropriated by Parliament for that Financial Year unless, in special circumstances, Parliament has approved a higher percentage.

This is also as indicated in Section 135 of the Public Finance Management Act as below.

2. PUBLIC FINANCE MANAGEMENT ACT SECTION 135

COUNTY GOVERNMENT TO SUBMIT TO COUNTY ASSEMBLY SUPPLEMENTARY BUDGET IN CERTAIN CIRCUMSTANCES

(1) A County government may spend money that has not been appropriated if the amount appropriated for any purpose under the County Appropriation Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act, or money has been withdrawn from the County Government Emergency Fund.

(2) A County Government shall submit a Supplementary Budget in support of the additional expenditure for authority for spending under subsection (1).

(3) In complying with subsection (2), a County Government shall describe how the additional expenditure relates to the fiscal responsibility principles and financial objectives.

(4) Except as provided by subsection (5), the approval of the County Assembly for any spending under this section shall be sought within two months after the first withdrawal of the money.

(5) If the County Assembly is not sitting during the time contemplated in subsection (4), or is sitting but adjourns before approval has been sought, approval shall be sought within fourteen days after it next sits.

(6) When the County Assembly has approved spending under subsection (2), a Supplementary Appropriation Bill shall be introduced for the appropriation of the money spent.

(7) In any financial year, the County Government may not spend under this section more than ten percent of the amount appropriated by the County Assembly for that year unless that County assembly has, in special circumstances, approved a higher percentage.

3. STANDING ORDER 225

PROCEDURE ON SUPPLEMENTARY ESTIMATES

(1) The County Executive shall submit to the County Assembly for Approval, a supplementary budget in support of money spent under section 135 of the Public Finance Management Act, 2012.

(2) The supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives.

(3) Paragraphs (3) and (4), of Standing Order 224(Procedure in Committee of Supply) shall, with necessary modifications, apply to Supplementary Estimates.

(4) On any day on which an Order of the Day for Committee of Supply has been set down under this Standing Order, the business of such order shall commence not later than three hours before the time for interruption of business.

(5) Unless the County assembly orders that the business under paragraph (3) shall continue for more than one day, the Chairperson of the Committee of the whole County Assembly shall, half an hour before the time for the interruption of business, forthwith put every question necessary to dispose of the Motion then under consideration and shall then forthwith put severally the questions necessary to dispose of the business of Supply under the same Order of the Day.

(6) On any day upon which the Chairperson is under this order directed to put forth with any questions, the consideration of the business of Supply shall not be anticipated by a Motion for the adjournment of the County Assembly, and no dilatory Motion shall be moved in relation to the business, and the business shall not be interrupted under any Standing Order.

(7) Except as provided in this Standing Order the approval of the County Assembly for any spending under this section shall be sought within two months after the first withdrawal of the money.

(8) If the County Assembly is not sitting during the time contemplated in paragraph (7), or is sitting but adjourns before approval has been sought, approval shall be sought within fourteen days after it next sits.

(9) After County Assembly has approved spending under paragraph (1), an Appropriations Bill shall be introduced for the appropriation of the money spent.

COMPLIANCE WITH THE PRINCIPLES OF FISCAL RESPONSIBILITIES

The Executive in preparation of the First Kisumu County Supplementary Estimates FY 2019/2020 were guided by the principles of fiscal responsibilities as provided for section 107 of the Public Finance Management Act, 2012 which stipulates;

(1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

(2) In managing the County government's public finances, the County Treasury shall enforce the following fiscal responsibility principles—

(a) the County government's recurrent expenditure shall not exceed the County government's total revenue; over the medium term a minimum of thirty percent of the County government's budget shall be allocated to the development expenditure;

(c) the County government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

(d) over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

(e) the County debt shall be maintained at a sustainable level as approved by County assembly;

(f) the fiscal risks shall be managed prudently; and

(g) a reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

(3) For the purposes of subsection (2)(d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited County government revenue.

(4) Every County government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the County assembly.

(5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2).

Mr. Speaker and Hon. Member, the presented Supplementary Estimates FY 2019/2020 adhered to the following provisions in line with the Principles of Fiscal Responsibilities;

a) Revenue equals Expenditure equals

b) Development Expenditure Budget is 37.4%, this is above the stipulated 30%.

COMPLIANCE WITH RELEVANT LAWS WHILE PREPARING THE SUPPLEMENTARY ESTIMATES FY 2019/2020.

WAGES AND BENEFITS

1. Mr. Speaker and Hon. Members, the Supplementary Budget Estimates FY 2019/2020 is not complying with the provision of section 107 (2) (c) of the PFM Act 2012 which states that the County government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly; by making provisions for Wages at 37.5% exceeding the legally provided ration of 35% as requirement of the law. However, the CEC Member for Finance and Economic Planning informed 5ge meeting that the Executive is in the process of cleaning the Staff Payroll as was recommended by the Human Resource Audit. This will process will reduce the expenditure on Wages.
2. Mr. Speaker and Hon. Members, it is important to note that the CEC Member for Finance and Economic Planning met the following requirement while preparing the First Kisumu County Supplementary Estimates FY 2019/2020
 - a) The Total Recurrent Expenditure equals the total revenue, hence the Budget is balanced
 - b) Development Exceeds 30% of the total Budget Estimates. The Development Budget is estimated at Kshs 4,514,772,336.00 which is 37.5% of the Budget

Mr. Speaker and Hon. Members, in providing for Pending Bills in this Supplementary Estimates, a schedule of Pending Bills should accompany this Supplementary Estimates FY 2019/2020. This would assist the Committee and the House to make informed judgement.

SUBMISSION OF REPORTS ON THE DISASTER FUNDS

3. The Executive has not complied with the provisions of section of the PFM Act, 2012 by not submitting expenditure reports on the utilization of Emergency Funds to the Assembly for replenishment of the Kitty.

OBSERVATIONS AND FINDINGS

COUNTY EXECUTIVE

FLAGSHIP PROJECTS

1. Department: Office of the Governor/Executive					
No.	Project Details	Amount Supplement ed	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Construction of the	20,000,000	- CEC to explain the status of the Project	- Project has been tendered for and awarded	Retained

	Governor's Residence			- Civil works to commence in two weeks' time.	
2.	Development of County Strategy for Blue Economy	10,000,000	- CEC to explain its Viability and Importance to the County	- Other Counties have received funds from donors by implementation of this Strategy. - Case in Point Kwale which has received Kshs 1 Billion	Retained
3.	Construction of the DG's House	30,000,000	- CEC to explain status of Implementation	- Project has been tendered for and Awarded - Civil works to commence in two weeks' time.	Retained

2.	Department: Finance and Economic Planning				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Disaster and Emergency Fund	85,551,112	CEC to explain the following; How much has been used - Possibility of Transferring the Emergency Fund to the Department of Governance	- Need to harmonize Kisumu County Emergency Act 2015 and the Kisumu County Disaster Management Act 2015 - The Executive to prepare a Draft	Retained

				<p>Bill/Legislative Proposal with a view to amend the Acts.</p> <p>- Law requires that it be domiciled in the Finance Department because it is a fund</p>	
2.	Pending Bills	1,456,688,026	<p>CEC to explain the following;</p> <ul style="list-style-type: none"> - What necessitated the Pending Bills - Committee be provided with a list of Pending Bills to the tune of Kshs 1,456,688,026.00 - Outstanding amount - Amount set aside adequate to clear Pending Bills - How much has been disbursed so far - Modalities of settling these Bills by close of FY - Source of the Kshs 472,411,842.00 	<ul style="list-style-type: none"> - Circular from the Cabinet Secretary that requires all Counties to clear Pending Bills by end of June, 2020 - CEC assured the Committee that he will provide a list of all Pending Bills - Source of Funds from Ward-based Projects to the tune of Kshs 12 million per Ward - Funds allocated for Pending Bills not adequate - Cannot provide list of ineligible Pending Bills verification is still ongoing - Amount disbursed so far to settle part of the 	<ul style="list-style-type: none"> - CEC Member for Planning and Economic Planning to furnish the Committee with Comprehensive List of Pending Bills to be settled. - Funds not adequate - Committee to be provided with list of Suppliers of Goods and Services as approved by the OCoB

				Pending Bills is Kshs 174 million.	
4.	Fleet Management System	10,000,000	- Develop a policy to take care of movement of Vehicles within and without.	- Department to develop a policy to manage the movement of Vehicles within and without.	- Policy be put in place for management of County Fleets

3.	Department: Education, Human Resource Development and ICT				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Construction of ECD Classroom at Victoria Primary	1,500,000.00	- Project labeled as Construction yet is on-going project	- Misclassification of Project as Construction	- to be classified as Completion of ECD at Victoria Primary School.
2.	ECD Capitation	25,000,000	- Modalities of utilization of these Funds	- Funds allocated to ECD for Purchase of Materials	- CEC to justify the utilizations of these funds
3.	VTC Capitation	17,003,302	CEC to explain the modalities of utilization of these Funds	- Funds allocated to encourage the enrollment of students to VTC	Retained
4.	VTC Grants	41,673,298	CEC to explain the modalities of utilization of these Funds	- Grants allocated to VTC are conditional	Retained

4. Department: Public Health Medical and Biomedical Services					
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Construction of Neurology and Neurosurgery Ward at JOOTRH	40,000,000	<ul style="list-style-type: none"> - Classified as ward-based Projects - Should be re-classified as Flagship Projects in relation to the capital attached to the Project 	<ul style="list-style-type: none"> - Error in Classification - Be classified as Flagship Projects in consultation with the area MCA 	- Be classified as Flagship Project
2.	Construction of Cancer Treatment, Palliative and Prevention Project at JOOTRH	60,000,000	<ul style="list-style-type: none"> - Classified as ward-based Projects - Should be re-classified as Flagship Projects in relation to the capital attached to the Project 	<ul style="list-style-type: none"> - Error in Classification - Be classified as Flagship Projects in consultation with the area MCA 	- Be classified as Flagship Project

5. Department: Public Works Roads and Transport					
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Conditional Allocation for Road	194,055,750.00	The CEC to provide the Committee	- The Department prepared a list of Projects to be	- Need for proper BQs

	Maintenance Fuel Levy Fund		with a list of Roads to be funded by RMFLF - Roads in Kilometers to be availed to the Committee.	funded by RMFL Fund including coverage in Kilometers	- Retained - See Annex
2.	Acquisition of Two Graders	40,000,000.00	- CEC to explain the Initially budgeted and approved at Kshs 72,000,00 and reduced to 40,000,000 - Justify the reduction	- Reduction from Kshs 72,000,000 to Kshs 40,000,000.00 to boost the Pending Bills kitty. - Executive intends to purchase a Grade in the next FY	- Retained
3.	Funds for Road Maintenance	60,000.000	- Justify the reduction of the amount by Kshs 40 million	- Reduction necessitated to fund Pending Bills	- Full amount of Kshs 60,000,000 to be reinstated as approved in the Budget Estimates

6.	Department: Physical Planning, Lands, Housing and Urban Development				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations

1.	Acquisition of Land in Wards	15,000,000	- Provide a list of land to be purchased in Wards	- Purchase of land to be used as Land Banks to enhance development in the Wards	- Retained - Provide a list of land to be purchased in Wards
2.	GPS System	6,000,000.00	- CC to explain the viability and significance to the County	- Assist in Geo-spatial and Planning of the County	Retained
3.	Purchase of Land at Ongadi	4,226,998.00	- CEC to explain where Ongadi is situated and in which Sub-county	- Situated in Kajulu, Kisumu East Sub-county - Ward budgeted for Purchase of Land in the Approved Estimates	Retained
7.	Department: City of Kisumu				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and	Committee Recommendations

				Economic Planning	
1.	KUSP	773,573,300	<ul style="list-style-type: none"> - Provide the Committee with a list of Projects to be funded - Identification and prioritization of Projects - Skewed towards one Ward. 	<ul style="list-style-type: none"> - CEC promised to furnish the Committee with a list of Projects to be funded under KUSP - Donors come with a menu on projects to be implemented with these funds 	- List of Projects to be forwarded to the Committee
2.	Fencing of Uhuru Market	7,000,000.00	<ul style="list-style-type: none"> - Legal Dispute over land ownership yet funds allocated for Fencing 	<ul style="list-style-type: none"> - Land is at the former Jua-Kali Shades that were demolished for planned construction of market - Fencing undertaken by County Government at Kshs 7,000,000 and Kshs 350 million to be sourced from the National Government 	Retained

8.	Department: Business, Cooperatives and Markets				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and	Committee Recommendations

				Economic Planning	
1.	Kombewa Modern Retail Market Completion	20,000,000.00	- Project classified as Ward-based Project yet Flagship in nature	- Projects erroneously classified as Ward-based	- Project to be re-classified as Flagship Project
2.	IDEAS	33,344,894.00	- Activities earmarked to be undertaken with these funds	- Conditional Grants are attached to the funds and the County cannot reallocate these funds to other projects	- Respective Department to furnish the Committee with activities to be implemented with this fund
3.	Purchase of Weights and Measures Standard	6,000,000.00	- Viability and significance	- Equipment to be used in checking the standards of weighing machines	
9.	Department: Energy and Industrialization				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Completion and Equipping of one Cottage Industry (Kochieng Tomato Plant)	20,000,000.00	- Viability of the Project - Recurrence of the Project in subsequent Budgets	- Viability explained.	Retained

2.	Completion of Bio-energy Regional Centre at Masogo/Nyango ma	10,000,000.00	<ul style="list-style-type: none"> - CEC to explain the status of this Project - Project has been appearing in subsequent Budget - BQ be provided 		<ul style="list-style-type: none"> - Project to be completed subject to availability of BQ - Need for the Committee of the House to verify the programme.
3.	Special Economic Zone	5,000,000.00	<ul style="list-style-type: none"> - Viability of Project - Where are they situated 	<ul style="list-style-type: none"> - Special Economic zone (SEZ) are areas in which the business and trade laws are different from the rest of the country. - regarded as an investment in industrial infrastructure and a services provider to attract and facilitate foreign investment, integrate local firms into global value chains, promote export-oriented growth and generate employment. 	Retained

				<p>- Benefits a company gains by being in a special economic is to produce and trade goods at a lower price, aimed at being globally competitive.</p> <p>- Situated at Ombeyi</p>	
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10.	Department: Water, Environment, Irrigation and Natural Resources				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Esuvaru Spring Development (Maseno Town Water Project)	9,518,060.00	- Classified as Ward-based Projects	- Error in classification - To be rectified in the Estimates as Flagship Projects	- To be Classified as Flagship Projects
2.	Waste to Energy Facility	40,000,000.00			
3.	Equipping of Capped Boreholes (10 Number)	15,000,000.00	- Provide the Committee with list of Borehole to be capped	- Budgetary Allocation was for drilling of Boreholes	- Provide the Committee with Boreholes to be capped and equipped and their

				- Current Budget is for capping and equipping complete boreholes	location for certainty
4.	Water Bowser	10,000,000.00	- CEC to explain why introduction of new project contrary to the laws - Initially budgeted at Kshs 15 million - justify the reduction to Kshs 10 million	- Project was budgeted for and item delivered but not paid for	- Expunge
5.	Implementation of Water Projects by NYANAS and Gulf		- Accountability in Revenues collected	- Water Projects to be implemented directly by line Department - Harmonization of activities in both NYANAS and Gulf with KIWASCO	- Water Projects to be implemented directly by line Department

11.	Department: Tourism, Culture, Arts and Sports				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and	Committee Recommendations

				Economic Planning	
1.	Reconstruction of Moi Stadium	100,000,000.00	<ul style="list-style-type: none"> - Initial budgetary allocation Kshs 130 million - justify expenditure of Kshs 130 million - Project to be transferred to the City 	<ul style="list-style-type: none"> - Governor's Pet project - Consultations to be undertaken before transfer of project to the City 	<ul style="list-style-type: none"> - Project to be differed to subsequent FY - Construction is subject to availability of funds
2.	Hippo Point Development	3,600,000.00	<ul style="list-style-type: none"> - The Project is satiated in Private Land 	<ul style="list-style-type: none"> - Project identified by Public 	Retained

12.	Department: Agriculture, Livestock and Fisheries				
No.	Project Details	Amount Supplemented	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations
1.	Donor Funded Projects within the Department (ASDSP II)	- 17,029,227.00	<ul style="list-style-type: none"> - CEC to explain what projects the Conditional Grants are implemented by this Fund - Where projects are implemented. 	<ul style="list-style-type: none"> - Liaise with respective department for comprehensive responses - Conditional Grants come with specific 	<ul style="list-style-type: none"> - Department to provide the Committee with list of projects implemented by using these Funds

				activities to be implemented	
2.	Mboha Flagship Project	10,000,000.00	- The CEC to explain when this Project has been delinked/removed with Nam Toi Project	- Removed from the Estimates and amount used to settle Pending Bills	- Nam Thoi be reinstated and included - Funds be made available for the same
3.	Construction of Crush Pens (1 per Sub-county)	1,750,000.00	CEC to explain the viability of Project with the amount allocated to the Project	- Liaise with respective department for comprehensive responses	- Expunge
4.	Clean Planting Material for Increased Production	4,980,000.00	- CEC to explain what these materials are	- CEC to liaise with respective department for comprehensive responses	- Committee awaits responses from the CEC
5.	KCSAP Micro and Sub Projects – Grants to Groups	25,380,000.00	- CEC to provide a list of Groups that benefited from these Grants	- CEC to liaise with respective department for comprehensive responses	- Committee be provided with list of beneficiaries of this Grants
6.	Counterpart Contribution to EU	7,000,000.00	- CEC to furnish the Committee with amount the donor is contributing	- Not all donors require Counter-funding	- Narratives to be amended
Key Issues that necessitated the Preparation of the Supplementary Estimates					
No.	Project Details	Issues Raised by the Committee	Responses from the CEC Member for Finance and Economic Planning	Committee Recommendations	
1.	Personnel Emolument	- Justify the increase of 38.47% against the	- County Government Inherited staff from Defunct Local Authorities	- Carryout a Staff Audit	

		recommended 35% ration	- Executive undertaken recruitment of key staff	- Payment of Staff by use of Cheque to weed out ghost worker
2.	Revenue Collection	<ul style="list-style-type: none"> - Unable to raise the own source revenue of Kshs 1.4 billion - Mitigating measures - Potential to realize Kshs 10 billion per annum 	<ul style="list-style-type: none"> - Purchase of POS Machines - Recruitment of 220 Revenue Collectors to enhance Revenue Collection - Recruitment of 60 Inspectorate Staff as Debt Collection Officer - Assembly to approve the Rating Act - County is owed debts to the tune of Kshs 7 billion by different clientele which need to be collected. 	<ul style="list-style-type: none"> - Undertake Revenue Mapping - Enhancement of revenue collection on Property Rates - Enforce the collection of Boda-boda taxes to bridge the "Budget Hole" Deficit

COUNTY ASSEMBLY

Mr. Speaker and Hon. Members, for the Assembly to realize its strategic objectives, the County Assembly had the following reasons for making their Supplementary Estimates FY 2019/2020;

1. Increased allocation from CARA.
2. Unforeseen circumstances in relation to Legal Fees.
3. The need to realign the Budget through virement.

Mr. Speaker and Hon. Members, the amount approved in the Budget Estimates FY 2019/2020 was Kshs 684,802,036.00. CARA reviewed the allocation based on the Budget Policy Statement and increased the allocation by Kshs 17,119,458.00 bringing the total allocation to Kshs 701,921,494.00. This additional allocation requires the approval of the Assembly before these funds are appropriated in various vote heads.

Mr. Speaker and Hon. Members, recently the Assembly has been engaged in various Court Cases where some of the cases have been determined in the favour of plaintiff. It is on this backdrop that awards have been pronounced by the courts that require the Assembly to settle thereby compelling the Assembly to adhere to court ruling and the same has led to these Court Awards and Legal Fees being factored in the Supplementary Estimates for consideration by the House.

OBSERVATION AND FINDINGS

County Assembly Budget Estimates in presenting its Supplementary Estimates FY 2019/2020 proposed reduction in the following vote-heads to fund priority programmes;

No.	Votes/Programmes	(Kshs).
1	Repair/Renovation/Maintenance of Building	5,000,000.00
2	Purchase of Office Furniture	4,000,000.00
3	Purchase of Computers and Printers	500,000.00
4	Surplus in Budget Ceiling	17,119,452.00
5	Medical Refund (In-patient)	500,000.00
6	Medical Refund (ex-gratia)	300,000.00
7	Audit Committee Allowance	1,000,000.00
8	Rent (Speaker's Residence)	750,000.00
9	Trade Shows and Exhibitions	250,000.00
10	Savings from Member's Committee Allowances	11,000,000.00
11	Total Savings (Kshs)	40,419,452.00

Mr. Speaker and Hon. Members, the above savings was proposed to supplement the following programmes;

No.	Votes/Programmes	Amount to be Supplemented (Kshs)
1	Legal Fees	3,000,000.00
2	Public Participation	5,000,000.00
3	Ward Office Operations and Maintenance	4,150,000.00
4	Contracted Guards	500,000.00
5	Advertisement	2,000,000.00
6	Travel Costs	2,000,000.00
7	Motor Vehicle Maintenance	1,500,000.00

8	Sports Committee (Refund)	3,000,000.00
9	Daily Subsistence Allowance	1,000,000.00
10	General Office Supplies	1,000,000.00
11	Gratuity to Former MCAs	3,000,000.00
12	Hospitality Supplies (POLICY)	1,000,000.00
13	Strategic Plan	5,000,000.00
14	Public Address System (Communication)	3,000,000.00
15	Staff Training	2,000,000.00
16	CAF	1,000,000.00
17	Leadership	1,269,452.00
18	Uniforms	1,000,000.00
11	Total Savings (Kshs)	40,419,458.00

RECOMMENDATIONS

After exhaustive deliberations, the Committee made the following recommendations;

1. THAT, the House consider approving the following votes;
 - a) Kshs 4,636,490,641.00 for Personnel Emoluments
 - b) Kshs 2,902,875,391.00 for Operation and Maintenance
 - c) Kshs 4,514,772,336.00 for Development Expenditure
2. THAT, the Executive should observe the Principles of Fiscal Responsibilities by complying with the provision of section 107 (2) (c) of the PFM Act 2012 on PE ratio.
3. THAT, Kshs 194, 055,750.00 from RMFL Fund to fund road projects as per the attached list (See Annex I)
4. THAT, Kshs 40,000,000.00 be reinstated as was approved in the Estimates for Road Maintenance.
5. THAT, Nam Thoi that was under the Department of Agriculture, Livestock and Fisheries be reinstated into the Supplementary Estimates FY 2019/2020 since this a Donor Funded Project.
6. THAT, Kshs 10 million for the Purchase of Water Bowser be expunged from the Estimates
7. THAT, Pending Bills list of Kshs 1,456,688,026.00 be approved only after submission of the following
 - a) List of Pending Bills Cleared by the Auditor General as eligible
 - b) The 2017/2018 Pending Bills list.

- c) Those ones considered ineligible.
8. THAT, Kshs 2,000,000,000 be reduced from Kshs 5,000,000.00 allocated to Strategic Plan to fund the following
 - a) Selection Committee Kshs 1,500,000.00
 - b) Purchase of Computer and IT Related Services Kshs 500,000.00
9. THAT, the House to consider approving payment of Gratuity to Former MCAs to the tune of Kshs 3,000,000.00 with the balance to be settled in the subsequent Budgets.
10. THAT, the Proposed Supplementary Estimates FY 2019/2020 be implemented in accordance with recommendations specified in both the Executive and the Assembly above.

CONCLUSION

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 135 (2) and (4) of the Public Finance Management Act 2012 and Standing Order 189 of the County Budget and Appropriation Committee recommends that:

This County Assembly adopts the Report of the Budget and Appropriations Committee on the Kisumu County Supplementary Budget Estimates for FY 2019/2020 for the County Government of Kisumu and County Assembly.

May I ask my Vice Chair to second.

The Temporary Speaker (Hon. Muga): Yes Hon. Khan.

Hon. Khan: Thank you Madam Speaker. I stand to second the motion on the First Kisumu County Supplementary Budget Estimates FY 2019/2020 as moved by my Chair, Hon. Steve Owiti. Thank you.

The Temporary Speaker (Hon. Muga): Thank you. Honourable Members, the Report on the First Kisumu County Supplementary Budget Estimates FY 2019/2020 has been moved and seconded by the Chairperson of Budget and Appropriation Committee and the Vice Chair respectively. I now want to open it for debate. Hon. Olale.

Hon. Olale: Thank you Madam Speaker. I want to associate myself with the report read by the Chair of Budget and Appropriation. I also want appreciate the committee for the good job they have done. They have taken the shortest time to deliver this report I this House. That has never happened before.

For the first time we are seeing the list of roads under KRB. This move provides Members with opportunity to do their roles. I also want to commend the committee for requesting for the list of pending bills. I want to urge the.....

The Temporary Speaker (Hon. Muga): What is the problem Hon. Okudo and Hon. Ooko?

Hon. Ooko: Thank you Madam Speaker. Hon. Olale is misleading the House. We have not seen the list of pending bills. Unless he has a different report.

The Temporary Speaker (Hon. Muga): Clarify on that Hon. Olale.

Hon. Olale: Thank you Madam Speaker. I have got the same report that the Members are having.

The Temporary Speaker (Hon. Muga): Order Hon. Ogotu. Continue Hon. Olale.

Hon. Olale: I with draw the sentiments I made on the list of pending bills.

The Temporary Speaker (Hon. Muga): What is it Hon. Owiti?

Hon. Owiti: Thank you. I wish to inform the House that we are debating on the report of Budget and Appropriations Committee and our recommendation on the pending bills is captured in this report. A list is there and it is being photocopied so that each and every Member will have a copy of it.

The Temporary Speaker (Hon. Muga): Thank you. Continue Hon. Olale.

Hon. Olale: Thank you Madam Speaker. I want to urge the Honourable Members to support this report so that people who offered their services to the County can be paid.

The Temporary Speaker (Hon. Muga): Hon. Ooko.

Hon. Ooko: Thank you. We have got rules that guides this House. You are in the Chair and you know what you are supposed to do. That aside, Hon. Olale is talking about the KRB roads and he is appreciating the committee since the length of the roads are well spelt in the report. If you look at Page 2 of the KRB list, it is not correct when the length of the road is given.

If you look at the length of a road in my Ward is 1.9 Km and the amount allocated is Kshs. 3.7 million and in No. 16, the length of the road 2.8Km and the amount allocated is Kshs. 3.2 million. So, I want to remind you that it depends on the activity on the road and not on the length. Thank you.

Temporary Speaker (Hon. Muga): Proceed Hon. Olale.

Hon. Olale: Thank you Madam Speaker. I am not a contractor and I am also not concerned about the length of the roads and amount of money to be awarded. May be the Honourable Member is a

contractor. I want to conclude by stating that there are contractors who have not been paid for FY 2015/2016. That has come out clearly in the report given by the Chair of Budget and Appropriations and that is why we must supplement this budget. I want to urge our Members that let us be on our senses and pass this budget in a record time. Thank you.

Temporary Speaker (Hon. Muga): Thank you. Yes Hon. Okiri.

Hon. Okiri: Thank you Madam Speaker. I represent West Kisumu Ward and we have gone through this document page by page. I appreciate this committee for doing a wonderful job. I was overwhelmingly voted for by the people of West Kisumu Ward and I therefore must speak the truth in this House. That truth will hurt some of my colleagues. That is the praise and worship team. Madam Speaker, where are the list of pending bills that is equivalent to Kshs. 1.4 billion?

Temporary Speaker (Hon. Muga): Honourable Member, I want to believe you were present in the House yesterday, the Budget Chair was mandated to go and enquire on the list of pending bills and report to the House within two weeks. What is take on that Hon. Leader of Majority?

Leader of Majority (Hon. Onyango): Thank you Madam Speaker. These reports arose out of deliberations that the Budget Committee had with the Executive. Amongst the issues that were raised by the committee is that there is need for the list of pending bills to be presented in this House. That is what this report talks about in its recommendations at No. 7 in Page 26.

The Budget Committee has also said that we have received that list of pending bills so that when the appropriations comes to the floor of the House tomorrow then the list of pending bills will also be there. That is the time we shall be passing the Supplementary Budget. This is just a report.

The Chair Finance is a Member of that Committee. If the committee where you sit did recommend at No. 7 in Page 26 that the pending bills list of Kshs. 1.4 billion be approved only after the submissions of the following and they are there. Thank you.

Temporary Speaker (Hon. Muga): What is it Hon. Kanga?

Hon. Kanga: Thank you Madam Speaker. I am rising on a Point of Information. I want inform this House that we should be honest when we are debating on this matter. Hon. Okiri is a member of Budget and Appropriations Committee and he did append his signature on this report. To come to this House again and dispute the same report that he appended his signature upon is being dishonest.

The Chair has just said here that the Assembly has received the list of pending bills and it is being worked on. He is the same Member who raised this matter in the committee and he was very active on this matter. We are aware that he had some meetings with a gubernatorial and he was given money to derail the government of Prof. Peter Anyang'. Let them wait until 2022 to vie with other parties but not ODM. I rest my case.

Temporary Speaker (Hon. Muga): Hon. Okiri, is your signature in this report? You are a member of this committee and you are aware that the issue of pending bills was discussed?

Hon. Okiri: Thank you. You could allow me to complement my statement...

Temporary Speaker (Hon. Muga): Respond to the questions first.

Hon. Okiri: I am a member of the said committee.

Temporary Speaker (Hon. Muga): Don't you think you are misleading the House?

Hon. Okiri: No. I am building a point. I haven't talked about Senator Fred Outa or Ken Obura. We are on Hansard.

Temporary Speaker (Hon. Muga): Honourable Member order! Resume your seat. Who has quoted the names you are mentioning here?

Hon. Okiri: It is Hon. Kanga and Hon. Olale.

Temporary Speaker (Hon. Muga): Order! Respect the Chair. Yes Hon. Agolla.

Hon. Agolla: Thank you Madam Speaker. I want to inform the House after which I will contribute later. Members of this House must adhere to the rules of this House. In our Order Paper, we are discussing a report and the report recommends that the pending bills should be brought to this House. If we don't adopt this report then the pending bills will not come. I want to advice Senior Member, Hon. Okiri to hold his horses until we adopt this report after which we shall pass the Supplementary Budget after seeing the list of pending bills. We cannot discuss something that we have not adopted. I rest my case.

Temporary Speaker (Hon. Muga): Thank you. Continue Hon. Okiri.

Hon. Okiri: Madam Speaker, my only concern was that let the list of pending bills be in concurrence with the Kshs. 1.4 billion that is indicated in the report. I am not disputing anything. Let us not associate Members with certain groups of people. I was just building a point.

Temporary Speaker (Hon. Muga): What is it Chair Budget?

Hon. Steve Owiti: Thank you Madam Speaker. I want to suggest that we go by the directions given by Hon. Agolla. I moved a motion that this report be adopted. It was seconded. We are looking at the report and we want to adopt it. We shall come to the Committee of the Whole House all those issues shall be addressed. I want to urge the Members that let us stay on course and dispense with this matter at the earliest time possible.

Temporary Speaker (Hon. Muga): Thank you. Proceed Hon. Okiri.

Hon. Okiri: Madam Speaker, we need to respect one another as Honourable Members.

Temporary Speaker (Hon. Muga): Allow Hon. Okiri to finish his contributions.