



COUNTY ASSEMBLY OF ISIOLO

P.O BOX 195 - 60300

OFFICE OF THE CLERK

SECOND COUNTY ASSEMBLY- SECOND SESSION

**THE REPORT OF FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE ON THE
REVIEW OF REPORT OF THE 2018/19 ANNUAL DEVELOPMENT PLAN (ADP)**

**CLERKS CHAMBERS,
THE COUNTY OF ISIOLO,
P.O BOX 195 – 60300,
ISIOLO**

JUNE, 2018

PREFACE

On behalf of the Members of the Finance, Budget and Appropriation Committee and pursuant to the provisions of the Standing Order 182 of the County Assembly of Isiolo, it is my pleasure and duty to present to the County Assembly, the review report of county Annual Development Plan (ADP), 2018

Committee Membership

The Finance, Budget and Appropriation Committee comprises of the following Members:-

- | | |
|-----------------------|---------------|
| 1. Hon. NuraDiba | Chairperson |
| 2. Hon. SumeyaBishar | V/Chairperson |
| 3. Hon. AbdiSoraBalla | Member |
| 4. Hon. Mohamed Jirmo | |
| 5. Hon. AbdiDuba | |
| 6. Hon. Yarow Hassan | |
| 7. Hon. DekhaBonja | |

Committee Mandate

The Finance, Budget and Appropriations Committee is established under Standing Order 189 of the County Assembly of Isiolo with the following mandate:-

(3) The functions of the Committee shall be to-

- (a) investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget;
- (b) discuss and review the estimates and make recommendations to the County Assembly;
- (c) examine the County Budget Policy Statement presented to the County Assembly;

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

Committee sittings

The committee held four sittings to scrutinize and interrogate the 2018/19 Annual Development Plan (ADP), 2018 placed before the County Assembly on Thursday, 19th April, 2018 at 2:30p.m

ACKNOWLEDGEMENT

On behalf of the Finance, Budget and Appropriations Committee members, I wish to extend our gratitude of the invaluable support accorded to the committee by the office of the speaker and Clerk of the County Assembly towards ensuring that the committee mandate is achieved.

Further, I wish to thank the members of the committee for their commitment and participation during the whole process.

Finally, Mr. Speaker, it is my pleasure, on behalf of the Finance, Budget and Appropriations Committee to present this report to the County Assembly for debate and adoption pursuant to standing order no. 182 of the County Assembly of Isiolo.

SIGNED -----

HON. NURA DIBA BILLA, MCA,
CHAIRPERSON

DATE-----

EXECUTIVE SUMMARY

Mr. Speaker, PFM Acts, 2012 provides the basis at which County budget making process shall be carried out; in these context, the Constitution of Kenya, 2010 Article 220. Section (2) provides that the National legislation shall prescribe;-

i. The structure of the development plans and budgets of counties, when the plans and budgets of the counties shall be tabled in the county assemblies; and the form and manner of consultation between the national government and county governments in the process of preparing plans and budgets.

Mr. Speaker, In addition, the County government Act Section 8 (e) provides that, the County Assembly shall approve the County Development Planning. The Public Finance Management Act, Section 126 (1) provides that every County government shall prepare a development plan in accordance with Article 220(2) of the Constitution, which includes;

a) Strategic priorities for the medium term that reflect the County government's priorities and plans

b) A description of how the County government is responding to changes in the financial and economic environment.

c) Programmes to be delivered with details for each programme of—

i. the strategic priorities to which the programme will contribute;

ii. the services or goods to be provided; measurable indicators of performance where feasible; and iii. the budget allocated to the programme;

d) payments to be made on behalf of the county government, including details of any grants, benefits and subsidies that are to be paid;

e) a description of significant capital developments;

f) a detailed description of proposals with respect to the development of physical, intellectual, human and other resources of the county, including measurable indicators where those are feasible;

g) a summary budget in the format required by regulations; and h) Such other matters as may be required by the Constitution or this Act.

Mr. Speaker, Section 126(2) of Public finance Management Act provides that the County Executive Committee member responsible for finance and planning shall prepare the development plan in accordance with the format prescribed by regulations.

Mr. Speaker, Section 126(3) of the PFM Act, 2012, provides that the County executive Committee Member responsible for planning shall, not later than the 1st September in each year, submit the development plan to the County Assembly for its approval.

However, the 2018/19 ADP was submitted to the County Assembly on 19th April, 2018 in contravention of the provision of the PFM Act, 2012 above.

Mr. Speaker, the County Assembly is an institution entrusted with the responsibility to make legislations for the County Government in accordance with Article 185 of the Constitution. Whereas the constitution provides for consultation and cooperation between the two arms of government in its day to day operations, there is need to respect the constitution and other legislations.

Mr. Speaker, additionally Section 129(5) of the PFM Act, 2012 states that, “the CEC-Finance shall ensure that the budget process is conducted in a manner and within a timeframe sufficient to permit the participants in the process to meet the requirements of the constitution and this Act”.

Mr. Speaker, the submission of the ADP to the County Assembly in April has disadvantaged the County Assembly by denying it to have sufficient time as provided in law to interrogate the documents.

ANALYSIS OF THE 2018/19 ANNUAL DEVELOPMENT PLAN (ADP)

I. ADP linkage to CIDP and other plans

Mr. Speaker, Section 108 of the County Government Act requires the County Government to prepare five year County Development plan to set mechanism for preparation of the ADP in accordance with Section 126 of the Public Finance Management Act (PFM), 2012.

The ADP is one year medium term plan which will implement the programmes identified under the Second CIDP 2018- 2022. It also contains specific programmes identified in each sector.

Mr. Speaker, the committee has observed that the ADP has adhered itself to programmes identified in the CIDP in accordance with the requirement of necessary legislations.

II. County Revenues

Mr. Speaker, Isiolo County will get an equitable share of Ksh. 3,925,000,000, conditional allocations of Ksh. 249,049,294 from National Government; conditional allocations of ksh. 382,123,006 from Development partners and target to collect internal county own revenue of ksh. 182,861,343 to fund its budget totaling to ksh. 4,717,572,299.

Table 1: Summary of County Revenues in 2017/18-2018/19

Total Revenue		CFSP 2018
	FY 2017/18 Approved Budget	ESTIMATES FOR FY 2018/19
Equitable Share from National Government	3,775,000,000	3,925,000,000
Construction of HQ	121,000,000	121,000,000
Fuel Levy	130,230,858	103,341,833
User forgone Fees	3,472,461	3,472,461
rehabilitation of Youth Polytechnic	26,166,698	21,235,000
loans and grants(Danida and world bank)	13,678,677	12,656,250
Transforming Health System for universal health care	20,696,822.00	66,229,830
Climate Smart Agricultural Project	0	150,000,000
Urban Support Project	0	93,968,100
Kenya Devolution Support Project	36,113,321.00	38,668,826
World Bank Loan to supplement financing of county facilities	12,607,500	-
Balance B/f	18,454,800	-
Local Revenue	182,861,337	182,000,000
Total Revenue	4,340,282,474	4,717,572,300
Lease of Medical Equipment's		200,000,000

Total Revenue		CFSP 2018
	FY 2017/18 Approved Budget	ESTIMATES FOR FY 2018/19
Total Expenditure		4,717,572,299
County Assembly		
Recurrent Expenditure	388,553,640	402,284,822
Operation and Maintenance	192,496,705	199,299,388
Personnel Emoluments	196,056,935	202,985,434
Development Expenditure	157,413,932	65,000,000
	545,967,572	453,553,640
County Executive		
Recurrent Expenditure	2,377,138,444	2,654,761,991
Operation and Maintenance	953,302,524	977,876,698
Personnel Emoluments	1,597,033,613	1,676,885,294
Development Expenditure	1,417,176,458	1,609,256,668
TOTAL	4,340,282,474	4,717,572,299

Mr. Speaker, historical trends in the local revenue generations, since the inception of the County Government, does not support the local revenue target set to be generated by the County Government. These subsequent missed revenue targets, has resulted into spiraling pending bill that has negated the implementations of successive budgets.

The promise of County Target to broaden revenue base, seal revenue leakage and automate revenue collections has not yielded positive impact towards improvement of revenue collections. This is despite huge investments by the County Government towards these initiatives.

Mr. Speaker, this therefore calls for setting of realistic county own revenue target to forestall budget deficits and continued rise of pending bills.

III. Annual Development Budget

Table 2: 2018/19 Development Budget Summary per Sector

S/No	Name of Sector	ADP Budget	Ceiling	Expected Deficit
1	Agriculture, Livestock and Fishery Development	574.6M	302M	272.6M
2	Water Energy, Environment Natural Resource and Climate Change	2384.4M	165M	2219.4M
3	Health Services	504M	212M	292M
4	Lands, Urban Planning Roads, Transport and public works	910M	195M	715M
5	Tourism , Trade , Cooperative and enterprise development	200M	62M	138M
6	Education , Youth, Sports, Culture, Gender and Social Services	932.5M	119M	813.5M
7	Finance and Economic Planning	460	260M	200M
8	Governance, Administration , Public Service Management, Cohesion and civic engagement	388.3M	96M	292.3M
9	Special Programmes& ICT	203.5M	90M	113.5M
10	County Assembly Services	65M	65M	0
	Total	6,385M	1660.5 M	4724.5M

Mr. Speaker, the ADP presented to the County Assembly is a continuation of wish dreams as contained in the County Integrated Development Plan, 2018 - 2022.

The Table 2 above shows that the 2018/19 ADP requires over ksh. 6.3B to be implemented in the 2018/19 financial year. This is against county available development resource of ksh. 1.6B resulting into a deficit of over ksh. 4.7B. (full sector programme is annexed to the report).

Mr. Speaker, the essence of preparing these documents in the budget process is to manage the expectations of the public, link planning to budget and tie resources to programmes as emphasized in the Medium Term Expenditure Framework (M-TEF) and programme Based Budgeting (PBB).

This underscores the need for the ADP to contain realistic programme that can be implemented within the financial year to give it life.

COMMITTEE RECOMMENDATIONS

Mr. Speaker, in view of the above observations, the committee makes the following recommendations on 2018/19 development plan

1. The County Executive respects the legal timelines in submission of ADP to give the County Assembly sufficient time as provided in Section 129(5) of the PFM Act, 2012 to interrogate the document adequately.

2. That, the Sector Working Groups (SWG's) to always engage with the Sectoral Committees in order to ensure that the plan is done within the set timeline

3. That, the County Assembly approves the Annual Development Plan 2018/19 pursuant to the provision Section 126 (3) of the Public Finance Management Act, 2012.

Adoption of the 2017/18 Supplementary Budget Report by Members of the Finance, Budget and Appropriations Committee

S/No	Name	Designation	ID No.	Signature

SIGNED -----

**HON. NURA DIBA BILLA, MCA,
CHAIRPERSON, FINANCE, BUDGET & APPROPRIATIONS**

DATE-----