

Report of the County Assembly County Finance, Budget and Appropriations Committee following its Analysis of the Meru County Budget Estimates for Financial Year 2015/2016

REPUBLIC OF KENYA



COUNTY ASSEMBLY OF MERU

FIRST ASSEMBLY

THE COUNTY FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE

REPORT ON

**THE MERU COUNTY ASSEMBLY FINANCE, BUDGET AND APPROPRIATIONS
COMMITTEE FOLLOWING ITS ANALYSIS OF THE MERU COUNTY BUDGET
ESTIMATES 2015/2016**

Report of the County Assembly County Finance, Budget and Appropriations Committee following its Analysis of the Meru County Budget Estimates for Financial Year 2015/2016

30th June 2015

Mr. Speaker, this is a report of the Meru County Finance, Budget and Appropriations Committee following its analysis of the Meru County Budget Estimates for financial year 2015/2016.

I, Hon. Joshua Mithiaru Kiunga, Chairperson of the Select Committee on County Finance, Budget and Appropriations Committee, on behalf of the Committee pursuant to Standing Order 195 present this report and its recommendations to the House for consideration.

ACKNOWLEDGEMENTS

Many people contributed to the analysis of the Meru County Budget Estimates for financial year 2015/2016, which analysis forms the basis of this Report.

The Committee, therefore, would like to acknowledge the invaluable contribution of such individuals in their various capacities. The Committee would like to also to acknowledge the contribution by the various sectoral Committees that played a pivotal role in examining the respective departmental budgets for the financial year 2015/2016.

In a special way the Committee highly appreciates the role played by the members of the committee as well as the technical staff who were engaged by the Committee to assist in the analysis of the Meru County Budget Estimates for financial year 2015/2016. I also thank the members of the public and the stakeholders who took their time to participate in the process during the public hearings and acknowledge that their views were considered by the committee.

Committee Membership

Mr. Speaker Sir, the County Finance, Budget and Appropriation comprises of the following members:

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|-------------------------------------|------------------|
| 1. Hon. Joshua Mithiaru Kiunga | Chairperson |
| 2. Hon. William Kirimi Magiri | Vice Chairperson |
| 3. Hon. Jenniffer Murogocho | Member |
| 4. Hon. Margaret Ntongai | Member |
| 5. Hon. Joyce Muriuki | Member |
| 6. Hon. James Mugambi Mung'athia | Member |
| 7. Hon. Secondina Kanini | Member |
| 8. Hon .Alphaxard Kaumbuthu Chabari | Member |
| 9. Hon. Stephen Nturibi Etirikia | Member |

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| 10. Hon. Julius Mbijiwe Murori | Member |
| 11. Hon. Romano Mugambi Mwito | Member |

Secretariat

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|--------------------------|-------------------------------|
| 1. Mr. Jacob Kirari | Principal Budget Officer |
| 2. Mr. Domisiano Maranya | Senior Legal Research Officer |
| 3. Ms. Mary Gatwiri | Committee Clerk |
| 4. Mr. Peter Koome | Sergeant at Arms |

Terms of Reference for the Committee

The functions of the County Finance, Budget and Appropriations Committee are as follows:-

1. Interrogate, inquire into and report on all matters related to coordination, control and monitoring of the County Budget Estimates for Financial Year 2015/16;
2. Study, discuss and review the County Budget estimates and reports on economic issues, statistical information, financial reports and make recommendation to the Assembly;
3. Sharpening public awareness of the county budget, financial and economic policies of the county government;
4. Examining the Estimates of Receipts and Expenditures presented to the Assembly by the County Executive Committee member responsible for finance and to report to the House on the estimates;
5. Receive any reports made by any committee setting out proposals concerning public expenditure or the annual budget estimates for the respective County departments and incorporate recommendations thereon in its report to the assembly.

Report of the County Assembly County Finance, Budget and Appropriations Committee following its Analysis of the Meru County Budget Estimates for Financial Year 2015/2016

Introduction

This report covers findings of the analysis of the Meru County Budget Estimates for financial year 2015/2016 by the Select Committee on County Finance, Budget and Appropriations with hindsight from the previous budgets. The analysis was undertaken on the premise that the County Budget has remained a somewhat elusive tool for effective public service delivery in Meru County.

The potential that the county government budgeting process has, as a tool of government policy, for translating strategies from paper into practice is yet to be fully utilized and maximized. Meru County continues to struggle in charting a clear path towards the county's vision.

On this basis, this analysis interrogates the various specific votes and other provisions of the Meru County Budget Estimates for financial year 2015/2016.

The committee endeavored to look at how the priorities were aligned with the strategies, objectives and goals of the county's development policies. The Committee further examined how the allocations have been prioritized, for the different departments as set up in line with the responsibility to deliver the public goods and services in the fiscal year 2015/2016. The Committee also analyzed whether the funds allocated for the different votes are actually adequate to help meet the county's development objectives, as well as the efficacy of the budget, vis-à-vis past budget performance. In a nutshell the committee attempted to see to it that the budget was both pro-poor and pro-growth.

The analysis is also cognizant of the fact that following the advent of devolution, the expectations of the citizenry are sky high. In the report, the critical finding of the analysis therefore, is that measured against the current state of economy and the sky high citizenry's expectations, the budget is indeed highly constrained. This therefore needs a careful rationalization to ideally reflect priorities for the Meru County.

The Committee held the belief that this will only be possible, if the Meru County Budget Estimates for financial year 2015/16 were geared towards adequately supporting all relevant institutions and that the policies were charged with the responsibility of playing a big part in the full implementation of the policies and strategies. In that way, these policies will then truly yield the results as expected, to help move Meru towards the aspired goal of inclusive and sustainable economic growth and poverty reduction.

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The Select Committee on County Finance, Budget and Appropriation was concerned that most of County's policies have seemed to simply end at being just another statistic of 'brilliant' policy documents only gathering dust, without being fully operationalized leaving the Meru residents' dreams and hopes being dashed at the end of the fiscal year.

Scope of the Study

The Select Committee on County Finance, Budget and Appropriations remains resolute in the quest for ensuring that the county budget truly lives up to the expectations of the Meru county residence. The budget is supposed to be an effective instrument and foundation of policy implementation.

This budget analysis is therefore being undertaken to critically look at the Meru County Budget Estimates for Financial Year 2015/16, its objectives, allocations and priorities. It also seeks to assess the efficacy of the previous budget implementation, while making recommendations on the alternative possible allocations for consideration towards the ideals of the county development policy operationalization, prioritization and implementation.

This Report is also expected to act as a tool for soul-searching and further reflections by both the Assembly and the Executive. It is ultimately meant to provide the professional basis for making a stronger case for people-centered budget in line with the country's development policy frameworks, objectives and goals.

Methodology of the Study

In light of the background articulated above, the Committee's Report takes into full consideration all the submissions of issues and recommendations received by the Select Committee on County Finance, Budget and Appropriation from all the chairpersons of the sectoral committees and the value-adding views of the public as received during the public participation exercise conducted across all the nine (9) sub-counties.

The various chairpersons of the sectoral committees have critically analyzed and enriched reflections on the different individual votes' allocations, in close collaboration with their respective CEC members.

To accomplish the analysis' objectives, the analysis therefore entailed conducting an overall assessment of the budgets with a bias towards the social and productive services sectors whose actions were felt by the residents at the ward level.

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Analysis of Meru County Budget Estimates for the FY 2015/2016 and its adherence to the Public Finance Management Act, 2012.

Mr. Speaker sir, the Committee was analyzing a total Budget estimates of Kshs 7.6 Billion which was to be distributed among all the departments of the Meru County Government as well as the Meru County Assembly.

Mr. Speaker sir, Section 129 (2) of the PFM Act, 2012 provides that following the approval by the County Executive Committee, the County Executive Committee member for Finance shall---

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- (a) Submit to the county assembly the budget estimates, supporting documents, and any other Bills required to implement the budget, except the Finance Bill, by the 30th April in that year; and
- (b) Ensure that the estimates submitted in subsection (a) are in accordance with the resolutions adopted by the county assembly on the county fiscal strategy paper.

Mr. Speaker sir, in line with the provision of the constitution and Section 129 of the PFM Act, the budget estimates for the two devolved arms of the government were submitted to the County Assembly on 30th April 2015 as required by law. The Select Committee on County Finance, Budget and Appropriations is required to discuss and review the Estimates in accordance with the resolutions adopted regarding the County Fiscal Strategy Paper, Section 131 (3) (a) (b) of the PFM Act 2012, and make recommendations to the County Assembly for consideration. Nevertheless it worth pointing out that the Treasury failed to submit the CFSP in time compelling the Committee to demand for it before they would embark on the budget estimates, all in all, the same was availed to the committee for analysis and the same was approved.

The committee was also tasked to analyze the estimates and make a determination on whether the same was in line with the County Fiscal strategy paper that sets out the broad objectives, policy goals and the strategic priorities that guides the County Government in preparing its budget.

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Committee findings on the Meru County Budget Estimates for Financial Year 2015/2016

- The Department of Finance delay in submitting the County Budget Review Outlook Paper, and the Fiscal Strategy Paper had acted to delay the budget process for the financial year 2015/2016;
- Even though the payroll was centralized, the same payroll was segmented into departments making it difficult to figure out the exact number of persons under the payroll;
- The Department of public Service and administration did not receive monthly salary returns thereby making it difficult to budget precisely for the recurrent expenditure at the County Executive;
- There was rampant and uncontrolled recruitment of staff by the various departments of the County Executive. There is thus need for these recruitments to be investigated by the relevant Sectoral Committee of the County Assembly;
- There was misplacement of staff across the various department of the County Executive with some Departments being deducted salaries for staff from other departments occasioning a mix up of staff and there was need for urgent action to correct the mix up;
- Some of the departments salaries had been affected by the proposed reallocations and this issue will be addressed by the committee in the Supplementary Budget;
- The department of Agriculture had not diversified its development projects uniformly across the wards;
- Monies meant for settling arrears of the employees of the now defunct County Councils had been irregularly relocated from the Budget Estimates for financial year 2014/2015.

Committee Recommendations on the Meru County Budget Estimates for financial year 2015/2016

Mr. Speaker sir, after the completion of the budget scrutiny and adoption of the sectoral committee reports with intensive consultations and deliberations the County Finance, Budget and Appropriations Committee has the following recommendations to present to this Assembly.

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A. MERU COUNTY ASSEMBLY

Mr. Speaker Sir, the County Assembly Budget Estimates for the year 2015/16 were keenly scrutinized, discussed and analyzed putting into account the key constitutional mandates bestowed upon the County Assembly by the constitutional namely the legislation, oversight and representation as elaborated clearly under chapter 11 of the constitution.

Mr. Speaker sir, the Chapter further sets out the roles, functions and other aspects relating to operations and membership of the County Assembly. The core mandate of the County Assembly have to be achieved and strengthened through proper facilitation.

This Mr. Speaker sir can only be achieved through proper budgeting for the Assembly departments and ensure that all required needs are provided for throughout the year since Assembly does not generate revenue of its own and also ensuring that resources allocated are utilized prudently.

Mr. Speaker sir, it is worth noting that the Committee took cognizance of the circular by the Salaries and Remuneration Commission sent to all national and county governments organs on the benefits entitled to its employees, in this respect the committee endeavored to source a budgetary allocation to provide for the car loan and mortgage for its members of staff.

(i) Compensation to Employees

The County Assembly had budgeted Kshs 532,504,314.65/= for the above programme however Mr. Speaker, this amount was reduced to Kshs 524,504,314.65/ where the committee resolved to provide only Kshs 22,189,792.08/- for the medical insurance and held that the budgeted Kshs 25,189,792.08 was inordinately high compared to the previous year's allocation.

The Committee commended the Assembly for providing a clear breakdown of the employees' establishment as well as their individual salaries and a computation that justified the requested budget.

(ii) Use of Goods and Services

- On this item, the committee reduced the allocation for Fuel, Oil and lubricants from Kshs 3.5M to 2.5M hence a saving of Kshs 1M;
- Legal fees was reduced from Kshs 2M to 1 M hence a saving of 1M;
- Motor vehicle insurance was allocated Kshs 3 million occasioning a saving of Kshs 500,000/-.

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- Budget preparations was added Kshs. 6M
- Hospitality Supplies was added Kshs. 2M
- Senate Liaison Office was added Kshs. 10M
- Advertisement and publicity was added Kshs. 56M
- Functions and celebrations was added Kshs. 6M
- KICOSCA/Trade Shows was added Kshs. 8M
- Membership fees was added Kshs. 2.5M
- Ward Staff Gratuity was added Kshs. 11,224,900/-
- Domestic Travel was added Kshs. 41,257,373/-
- Purchase of MCAs Laptops was allocated Kshs. 10.5M.
- Late Duty Allowance was added Kshs.4M

(iii) Development Expenditure

Mr. Speaker Sir, the committee was steadfast in providing monies that would be used as a seed capital in setting up a fund that would offer car loan and mortgage for the staff and members in line to the Salaries and Remuneration Commission's circular providing for the same and requesting that each agency to factor its own budgetary allocation to provide for this benefit which is to be managed independently. Guided by this the committee allocated Kshs 250 million to set up a car loan and mortgage fund.

B. THE MERU COUNTY EXECUTIVE DEPARTMENTS BUDGET ESTIMATES FOR THE YEAR 2015/2016

Mr. Speaker sir, the Committee analyzed the budget estimates for all departments in the County Executive and came up with the following recommendations in terms of resources.

However it is worth reiterating that the committee unanimously resolved that purchases of motor vehicles, computers and furniture will not be allocated any funds since enough purchases ought and must to have been carried out in the last financial years and that county funds cannot be used for such purchases for eternity. Any similar allocations, unless critically necessary, were reallocated to other activities that conferred direct benefits to the common person. The committee noted that continued purchases of motor vehicle laid tremendous overhead expenses

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on the county in terms of fuel and maintenance hence digressing from the principles intended by devolution.

1) THE OFFICE OF THE GOVERNOR

(i) Compensation to Employees

Under this heading, the vote for employees' compensation, Mr. Speaker sir, was adjusted significantly taking into concern the previous year's allocation, the basic salaries was found to have been inflated to unrealistic levels. Consequently the committee resolved that they would only allow a growth of not more than 6% of the basic salaries from that of the fiscal year 2014/15 and restore the allowances as provided in the last financial year since they are not subject to annual increments.

Mr. Speaker, this decision was mainly arrived at when the department, amongst other, declined with impunity to favor the committee with statistical data as to the number of employees in their service as well as the actual computed analysis of how much money was required under this vote head, despite incessant reminders and calls to be provided with this information, none was availed leaving the committee with no option but to revert to the last year's budget.

ii) Use of Goods and Services

However, the Goods and Services estimates Mr. Speaker sir were affected as follows:

- Communication, supplies and other was reduced from Kshs 20M to Kshs 8M hence a saving of Kshs. 12M
- Travel costs (airline, bus, railway, mileage allowance etc) was ruled to be repeated as votes numbers 2210301 and 2210401. The two votes were treated as follows, vote 2210301 was reduced by Kshs. 2.9M while vote 2210401 was not varied.
- Domestic travel and subsistence & others was reduced by 2M.
- Accommodation was reduced by 3.5M.
- Subscription to newspapers, magazines and periodicals was reduced by 1M.
- General office supplies (papers, pencils, forms, small office equipment) was reduced by 1M.
- Legal dues/fees, arbitration and compensation payments was reduced by 25M
- Purchase of motor vehicles was reduced by 7M

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- Purchase of computers, printers and other IT equipment was not approved at all hence a saving of the whole amount of Kshs 1.8M
- Purchase of office furniture and gen. was not approved at all hence a saving of the whole amount of Kshs 4M.
- Purchase of ICT networking and communication equipment was not approved at all hence a further saving of the whole amount of Kshs 1M
- Membership fees –intergovernmental relations was reduced by 20M the same was ruled to be abnormally high and beats the principles of efficient and sound management of public resources.
- Emergency funds was reduced by 10M.
- Efficiency monitoring unit was reduced by 8M.
- Performance contracting management programme was reduced by 5M.
- Customer/employees satisfaction surveys was reduced by 4M.
- Organizational process re-engineering was reduced by 3M
- Utility supplies-others was reduced by 1M.

2) COUNTY TREASURY

Mr. Speaker Sir, Treasury is a very crucial department and a coordination center of all County activities that relate to money and other policies governing economic development and growth of our County.

The Committee Mr. Speaker Sir went through the Estimates in this department and came up with the following conclusions and recommendations:-

(i) Compensation to Employees

Mr. Speaker sir, on this department, the following changes were made based on what was actually expended in the previous year taking into account the annual increment on basic salaries:-

- Basic salaries- civil service was reduced by Kshs. 34,516,091/-
- Contractual employees was reduced by Kshs. 32M
- Casual labor-others was reduced by Kshs. 25.4M
- House allowance was reduced by Kshs. 15M

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ii) Use of Goods and Services

- Electricity allocation was reduced by Kshs. 28M.
- Water and sewerage charges was reduced by Kshs. 5M.
- Daily subsistence allowances was reduced by Kshs. 3M.
- Domestic travel and subs-others was reduced by Kshs. 1M
- Advertising, awareness and publicity campaign was reduced by Kshs. 3M.
- Training expenses –other was reduced by Kshs. 4M
- Boards, committees, conferences and seminars (county economic forum) was reduced by Kshs. 3M
- Hospitality supplies vote 2210899 was scrapped entirely hence a saving of Kshs. 7M
- Motor vehicle insurance was reduced by Kshs. 7M
- Purchase of workshop Tools, Spares and Small Equipment was scrapped entirely saving Kshs 0.2M
- General office supplies (papers, pencils, forms small office equipment) was reduced by Kshs. 3M
- Supplies and accessories for computers and accessories was reduced by Kshs. 1M
- Contracted professional services was reduced by Kshs. 1M.
- Contracted technical services was reduced by Kshs. 2M.
- Security operations was reduced by Kshs. 8M.
- Revenue collection fee vote was scrapped entirely unless proper explanation to justify was given hence a saving of Kshs 34.8M.
- Fuel, oil and lubricants was reduced by Kshs. 4M.
- Routine maintenance-vehicles was reduced by Kshs. 4M.

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- Purchase of motor vehicles was scrapped entirely hence a saving of Kshs. 9M.
- Purchase of office furniture and fittings was scrapped hence a saving of Kshs. 3.2M.
- Purchase of computers, printers and other IT equipment was scrapped entirely hence a saving of Kshs 2.5M.
- Budget reserves-other (budget) was done away with hence a saving of Kshs 5M.
- Other current transfers-budget making process was reduced by Kshs. 5M.
- Other current transfers-(public participation) was reduced by Kshs. 6M.
- Purchase of software was scrapped entirely hence a saving of Kshs 4M.
- Resource mobilization was scrapped entirely hence a saving of Kshs 5M.
- Interest payments on guarantee- MCAs and Excom was reduced by Kshs. 45.5M

(iii) Development Expenditure

The committee found out that that virtually all the capital development under this department were wrongly placed. It was agreed that the proper placement of depository microfinance corporation, county hotel and other financial institutions is in the department of Cooperatives, however the committee was concerned of the allocation of Kshs 200M for the County Hotel yet in the previous year the same hotel was again allocated Kshs 25M for renovation. The committee resolved as follows:-

- (a) That the allocation of vote 2420399 in respect of county hotel be done away with hence a saving of the whole amount of Kshs 200M
- (b) That all other development expenditure under this department be properly placed in the department of cooperatives.

Ward Development Fund

- (c) The County Finance, Budget and Appropriations Committee have recommended that **Kshs 1,574,719,697.80/-** be set aside under this department, Development vote, for the **Ward Development Fund** whose operationalization is underway.

3) AGRICULTURE, LIVESTOCK AND FISHERIES

Mr. Speaker Sir, this committee was alive to the fact that Agriculture is the backbone of Meru County and its development should be sufficiently funded. The public proposed that the county government should invest more in agriculture so as to spur economic development in the county. In view of this Mr. Speaker Sir, the Committee made several adjustments in the areas listed below:-

(i) Compensation to Employees

- House allowances was overly inflated hence the same was reduced by Kshs. 14.5M
- Transport allowances was similarly reduced by Kshs. 17M
- Personal allowances paid –other was reduced by Kshs. 3M

ii) Use of Goods and Services

- Telephone, telex, facsimile and mobile phone services was reduced by Kshs. 2M
- Electricity was reduced by Kshs. 2.5M
- Water and sewerages charges was reduced by Kshs. 0.5M
- Internet connections was scrapped as it will be centrally managed in the department of Lands and ICT on behalf of all other departments thereby saving Kshs. 0.894M
- Courier and postal services was reduced by 0.5M
- Travel cost (airline, bus, railway, mileage allowances etc.) was reduced by Kshs. 2M
- Daily subsistence allowances was reduced by Kshs. 1M
- Foreign travels and sub-others was reduced by Kshs. 1M
- Publishing and printing services was reduced by Kshs. 1M
- Subscription to magazines, newspapers and periodicals was reduced by Kshs. 1M
- Trade shows and exhibition was reduced by Kshs. 2.5M
- Accommodation allowances was reduced by Kshs. 0.8M
- Training expenses was reduced by Kshs. 3M
- Catering services, accommodation, gifts, food and drinks was reduced by Kshs. 3M
- General office supplies (papers, pencils, forms, small office equipment was reduced by Kshs. 2M
- Supplies and accessories for computers and printers was reduced by Kshs. 1M
- Sanitary and cleaning materials, supplies and services was reduced by Kshs. 0.5M

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- Contracted guards and cleaning services was reduced by Kshs. 2.5M
- Maintenance expenses-motor vehicles was reduced by Kshs. 2M
- Purchases of institutional furniture and fittings was scrapped hence a saving of the total amount of Kshs. 0.655M
- Purchase of households and institutional appliances was scrapped hence a saving of the total amount of Kshs. 0.2525M
- Purchase of photocopiers was scrapped hence a saving of the total amount of Kshs. 2M
- Food and rations was scrapped hence a saving of the total amount of Kshs. 0.5M
- Purchase of office furniture and fittings was reduced by Kshs. 5M
- Hire of equipment plant and machinery was scrapped hence a saving of the total amount of Kshs. 0.04M
- Purchase of computers, printers and other IT equipment was scrapped hence a saving of the total amount of Kshs. 2.7M
- Maintenance of computers, Softwares and Networks was reduced by Kshs. 1M
- Other depository corp. others was reduced by Kshs. 0.05M
- Non-residential buildings(offices, schools, hospitals) was scrapped hence a saving of the total amount of Kshs. 0.02M
- Refurbishment of non-residential buildings was scrapped hence a saving of the total amount of Kshs. 0.5M
- Trainee allowances was added Kshs. 2M
- Fertilizer was added Kshs. 4M
- Boards, Committee and Conference was added Kshs. 1.5M
- Residential buildings (including hostels) was reduced by Kshs. 10M
- Machinery was reduced by Kshs. 8M
- Veterinarian supplies and materials was reduced by Kshs. 10M \

4) WATER, ENVIRONMENT AND NATURAL RESOURCES

Mr. Speaker Sir, this is another critical sector in this County, which requires keen attention due to its nature and importance to our lives and living and in as far as our County is concerned. Development of water systems for both rural and urban areas is key to health livelihoods and survival, according to the fourth schedule to the constitution, water is a devolved function. The county government of Meru is responsible for ensuring provision of save and adequate water to the residents of the county.

The Committee, Mr. Speaker Sir, scrutinized, discussed and reviewed all estimates in this sector and came up with the following recommendations:-

(i) Compensation to Employees

The committee resolved that they would only allow a growth of not more that 6% of the basic salaries from that of the fiscal year 2014/15 and restore the allowances as provided in the last financial year since they are not subject to annual increments. In view of the above the changes below were occasioned:-

- Basic salaries-civil service was reduced by Kshs 9.684M
- House allowances was reduced by Kshs 2.744818M
- Transport allowances was reduced Kshs 904,625.50M

ii) Use of Goods and Services

- Advertising, awareness and publicity campaigns was reduced by Kshs. 1M
- Hospitality supplies –others was reduced by Kshs. 1.5M
- Purchase of workshop tools, spares and small equipment was scrapped hence saving the whole amount of Kshs 0.2M
- Office and general supplies was reduced by Kshs. 0.5M
- Maintenance and expenses-motor vehicles was reduced by Kshs. 0.3M
- Maintenance of plant, machinery and equipment (including lifts) was scrapped hence saving the whole amount of Kshs 0.25M
- Routine maintenance-other was scrapped hence saving the whole amount of Kshs Kshs. 0.25M
- Contracted guards and cleaning services was scrapped hence saving the whole amount of Kshs 0.3M

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- Membership fees, dues and subscription to professional and trade bodies was reduced by Kshs.0.1M
- Transport cost and charges (freight, loading/unloading, clearing) was scrapped hence saving the whole amount of Kshs 0.1M
- Contracted professional services was reduced by Kshs. 0.2M
- Other operating expenses was scrapped hence saving the whole amount of Kshs 0.65M
- Purchase of office furniture and fittings was scrapped hence saving the whole amount of Kshs 0.45M
- Purchase of computers, printers and other IT equipment was scrapped hence saving the whole amount of Kshs 0.45M
- Purchase of other office equipment was scrapped hence saving the whole amount of Kshs 0.45M
- Purchase of uniforms and clothing-staff was reduced by Kshs. 0.35M

(iii) Development Expenditure

- Purchase of motor vehicles was scrapped hence saving the whole amount of Kshs 5M.
- Purchase of trucks was reduced by Kshs. 25M
- Drilling of boreholes was reduced by Kshs. 15M

5) EDUCATION DEPARTMENT

Mr. Speaker Sir, this is another key areas which committee considered very profoundly as we know for any meaningful development in any place to be achieved, all will be dependent on education of people in this particular County.

Education affects all other aspects of life. Nonetheless Mr. Speaker despite this we discourage excessive expenditure on items which are not basic neither priorities or urgently needed.

The committee discussed and analyzed the estimates in this department and recommends the following:-

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(i) Compensation to Employees

- Transport allowances was reduced by Kshs. 16M since the stated figure was unjustifiable;
- It was observed that 523 ECDE officers had not been catered for in the financial year 2015/2016 and there was need for the aforementioned officers to be catered for during the 2015/2016 financial year. Compensation (Basic Salaries) to employees was therefore added. Kshs. 98,202,360/-.

(ii) Use of Goods and Services

- Internet connection was scrapped hence saving the whole amount of Kshs 0.1M
- Accommodation- domestic travel was reduced by Kshs. 4M
- Domestic travel and subs-others was reduced by Kshs. 0.2M
- Travel cost (airlines, bus, railway) was reduced by Kshs. 0.25M
- Daily subsistence allowances was scrapped hence saving the whole amount of Kshs 1M
- Advertising, awareness and publicity campaign was reduced Kshs. 0.5M
- Trade shows and exhibition was scrapped hence saving the whole amount of Kshs 0.5M
- Accommodation allowances was scrapped hence saving the whole amount of Kshs 0.2M
- Training expenses- other was added Kshs. 5M
- Catering services (reception), accommodation, gifts, food and drinks was reduced by Kshs. 1M
- Boards, committees, conferences and seminars was reduced by Kshs. 1M
- National celebrations was scrapped hence saving the whole amount of Kshs 0.45M
- Hospitality supplies – other was scrapped hence saving the whole amount of Kshs 0.5M
- Supplies and accessories for computers was scrapped hence saving the whole amount of Kshs 0.15M
- Contracted professional services (consultancy) was reduced by Kshs. 0.5M
- Other operating expenses was scrapped hence saving the whole amount of Kshs 1M
- Purchase of office furniture and fittings was scrapped hence saving the whole amount of Kshs 1M
- Purchase of computers, printers and other IT equipment was scrapped hence saving the whole amount of Kshs 0.5M

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- Payable from previous financial period-other (budget) was scrapped hence saving the whole amount of Kshs 5M
- Motor vehicle insurance was reduced by Kshs. 0.5M

(iii) Development Expenditure

- Basic Education/ Retention Enhancement Fund was reduced by Kshs 84M
- Construction of vocational training complex was scrapped and recommended for budgeting in the next FY hence saving the whole amount of Kshs 25M
- Development of Kimeru dictionary was scrapped as it was funded last year hence saving the whole amount of Kshs 3M
- Construction of classes was scrapped hence saving Kshs 120M

6) HEALTH DEPARTMENT

Mr. Speaker Sir, to access equitable health care to every Kenyan citizen is a right; health department is one of county major priority areas the committee had a lot of reservation when reviewing. The public wanted the county government to enhance the budgetary allocation to this department.

(i) Development

- Non-Residential buildings (offices Schools, Hospitals etc.) reduced by Kshs 5M
- Refurbishment of Non-Residential buildings was reduced by Kshs 5M

7) LAND, PHYSICAL AND ECONOMIC PLANNING

Mr. Speaker Sir, to secure access to land and sustainable land use the committee recommend the following adjustments to be effected:

(i) Use of Goods and Services

- Internet connections was raised to Kshs. 3 Million to manage all the expenses in all other departments of the County Government.
- Catering services (reception) was reduced by Kshs. 0.8M
- Hospitality supplies –other was reduced by Kshs. 0.6M
- Office and general supplies to be reduced by Kshs.0.1M

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- Maintenance of buildings-residential was scrapped hence saving the whole amount of Kshs 15,000/
- Routine maintenance –other asset was scrapped hence saving the whole amount of Kshs 75,000/
- Purchase of office furniture and fittings was scrapped hence saving the whole amount of Kshs 0.75M
- Purchase of computers, printers and other IT equipment was scrapped hence saving the whole amount of Kshs 225,000/
- Purchase of office furniture and gen. –other(budget) was scrapped hence saving the whole amount of Kshs 350,000/
- Purchase of printing equipment was scrapped hence saving the whole amount of Kshs 0.2M
- Purchasing of vehicles & other T was reduced by was scrapped hence saving the whole amount of Kshs 9M
- Maintenance of computers, software and networks was scrapped hence saving the whole amount of Kshs 50,000/
- Maintenance of communication equipment was scrapped hence saving the whole amount of Kshs 50,000/
- Purchase of computers, printers and other IT equipment was scrapped hence saving the whole amount of Kshs 0.6M.
- Purchase of exchanges and other communication equipment was scrapped hence saving the whole amount of Kshs 0.35M.

(ii) Development Expenditure

- Land adjudication and registration was reduced by 20M.
- Preparation of spatial plans was reduced by 28M.
- Contracted professional services for urban and spatial plans was reduced by Kshs. 5M.
- Purchase of survey equipment reduced by Kshs. 10M.
- Education and library services was scrapped hence saving the whole amount of Kshs 0.9M

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- Non-residential buildings (offices, schools, hospitals etc.) was scrapped hence saving the whole amount of Kshs 5M.
- Economic survey reduced by Kshs. 8M.
- CIDP, ADP and Sectoral Plans was reduced by Kshs. 8M.
- Research, visibility studies was reduced by Kshs. 4M.
- Purchase of ICT networking and Communication Equipment was scrapped hence saving the whole amount of Kshs1.142M
- Purchase of software was scrapped hence saving the whole amount of Kshs 5M.
- Development of local area network was scrapped hence saving the whole amount of Kshs 8.5M.
- Development of wide area network was scrapped hence saving the whole amount of Kshs 8.5M.
- Refurbishment of buildings was scrapped hence saving the whole amount of Kshs 10M.
- Purchase of appropriate building technology, machinery and equipment was scrapped hence saving the whole amount of Kshs 6M.

8) PUBLIC SERVICE ADMINISTRATION AND ICT

Mr. Speaker sir, this particular department carries a huge amount of allocation on the recurrent expenditure for the obvious reason that it is dealing with human resources. However the budget requested by the department was inordinately too high comparing to what was actually expended as per the provided vote books bearing in mind that virtually all the departments failed to submit the requested statistics incessantly called for by the committee despite several reminders.

In view of this the committee resolved to reduce by the following amounts in order to source funds for other priority development expenditure:-

(i) Compensation to employees

- Basic salaries- civil service was reduced by Kshs. 9M;
- House allowance was reduced by Kshs. 30M;
- Transport allowance was reduced by Kshs. 6M;
- Personal allowance paid was reduced by Kshs. 8M;
- Employer contributions to Social Security Funds and Schemes was reduced by Kshs. 3M;

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(ii) Use of Goods and Services

- Telephone, telex, facsimile and mobile phone services was reduced by Kshs. 0.7M;
- Courier and Postal Services were reduced by Kshs 20,000/;
- Internet connection was reduced by Kshs 0.5M;
- Communication and supplies was reduced by Kshs 4M;
- Accommodation- Domestic Travel was reduced by Kshs 3M;
- Subscription to newspapers, magazines and periodicals was reduced by Kshs. 0.4M.
- Advertising, Awareness and Publicity Campaigns was reduced by Kshs. 9M;
- Rents and Rates- non-residential was reduced by Kshs. 3M;
- Rentals of produced assets (other) was reduced by Kshs. 24M;
- National Celebrations was entirely scrapped hence saving the whole amount of Kshs. 1M;
- Purchase of uniforms and Clothing- Staff was reduced by Kshs. 1.2M;
- General Office Supplies (papers, pencils, forms, small office equipment) was reduced by Kshs. 2M;
- Supplies and accessories for computers was reduced by Kshs. 1M;
- Fuel Oil and Lubricants-Other was reduced by Kshs. 4M;
- Medical expenses was reduced by Kshs. 100M;
- Security Operations (County Police Oversight Authority) was reduced by 3M;
- Other operating expenses was reduced by Kshs. 0.8M;
- Routine maintenance -vehicles was reduced by Kshs. 5M;
- Refurbishment of residential buildings was reduced by Kshs. 1M;
- The subsequent Refurbishment of residential buildings is a repetition, it was entirely scrapped hence saving the whole amount of Kshs. 0.7M;
- Purchase of Office furniture and fitting was entirely scrapped hence saving the whole amount of Kshs 2,005,000/;
- Purchase of Motor vehicles was reduced by Kshs. 12M;
- Purchase of Office furniture & Gen. (budget) was entirely scrapped hence saving the whole amount of Kshs 1,350,000/;

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- Purchase of Computers, Printers and other IT equipment was entirely scrapped hence saving the whole amount of Kshs 100,000/;
- Human resource reforms was added Kshs 4.5M;
- Create a new vote “County and Ward forums” and add Kshs 40.5M
- Training allowance was added Kshs 5M
- Board Committee conference was added Kshs 6M

(iii) Development Expenditure

- Construction of building- (Governor’s Residence) was reduced by Kshs. 50M;
- Purchase of fire fighting Vehicles and Equipment was reduced by Kshs. 10M;

10) TRANSPORT AND INFRASTRUCTURE

Mr. Speaker sir, in order to create a conducive business environment to encourage innovation, this county requires quality and reliable roads in all its parts especially in the ward level.

Nonetheless Mr. Speaker sir, committee analyzed this departmental budget and resolved that compensation to employees was exceedingly high comparing to what was actually expended as per the provided vote books bearing in mind that the department failed to submit the requested statistics incessantly calls and reminders to submit the same.

In view of this the committee resolved to reduce by the following amounts in order to source funds for other priority development expenditure:-

(i) Compensation to employees

- Basic salaries- civil service was reduced by Kshs. 10M;
- House allowance was reduced by Kshs. 10M;
- Personal allowance paid was reduced by Kshs. 3M;

(ii) Use of Goods and Services

- Telephone, telex, facsimile and mobile phone services was reduced by Kshs. 0.5M;
- Internet connection was reduced by Kshs 0.4M;
- Domestic Travel and subsistence- Others was reduced by Kshs. 1M;
- Daily subsistence allowance was entirely scrapped since the same was a repetition occasioning a saving of Kshs 0.5 million.
- Foreign Travels and subsistence was reduced by Kshs 0.5M;
- Subscription to newspapers, magazines and periodicals was reduced by Kshs. 0.25M.

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- Advertising, Awareness and Publicity Campaigns was reduced by Kshs 3M;
- National Celebrations was entirely scrapped from this department and redirected to the department of culture hence saving the whole amount of Kshs 0.2M;
- Education and library supplies was entirely scrapped hence occasioning a saving of Kshs 1.5M;
- Purchase of uniform and clothing was reduced by Kshs 1M;
- General Office Supplies (papers, pencils, forms, small office equipment) was reduced by Kshs 0.6M;
- Supplies and accessories for computers and printers was reduced by Kshs 1M;
- Purchase of vehicles and other was entirely scrapped hence occasioning a saving of Kshs 10M;
- Purchase of Office furniture and fittings was entirely scrapped hence occasioning a saving of Kshs 3M;
- Purchase of computers, printers and other IT equipment was entirely scrapped hence occasioning a saving of Kshs 3M;
- Purchase of software was reduced by Kshs 1M;
- Purchase of survey equipment was reduced by Kshs 1M;

(iii) Development expenditure

- Bridges was reduced by Kshs 40M;
- Overhaul of Roads and Bridges was reduced by Kshs. 60M;
- Overhaul of other infrastructure was reduced by Kshs. 70M
- Hire of Equipment, plants and machineries was entirely scrapped hence occasioning a saving of Kshs 20M;

11) TRADE, COOPERATIVE AND ENTERPRISES

On matters pertaining to the compensation of employees, the committee resolved that they would only allow a growth of not more than 6% of the basic salaries from that of the fiscal year 2014/15 and restore the allowances as provided in the last financial year since they are not subject to any annual increments. In view of the above the changes below were occasioned:-

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(i) Compensation to Employees

- Basic salaries – Civil service was reduced by Kshs. 4.92M;
- House allowances was reduced by Kshs. 5.294M.
- Transport allowances was reduced by Kshs. 2.53M.
- Leave allowances was reduced by Kshs. 1.298M.

(ii) Use of Goods and Services

- Telephone, telex, facsimile and mobile phone services was reduced by Kshs. 0.7M.
- Internet connection was scrapped hence saving the whole amount of Kshs 78,000/.
- Travel costs (airlines, bus, railway, millage allowances) was reduced Kshs. 0.4M.
- Daily subsistence allowances was reduced by Kshs. 0.4M.
- Travel costs (airlines, bus, railway etc.) was ruled to have been a repetition of the above vote. The same was reduced by Kshs 400,000/
- Daily subsistence allowances was reduced by Kshs. 0.1M.
- Subscription to newspapers, magazines and periodicals was reduced by Kshs. 0.2M.
- Catering services (receptions), accommodation, gifts, food and beverages was reduced by Kshs. 0.9M.
- Education and library services was scrapped hence saving the whole amount of Kshs 0.2M.
- Purchase of uniforms and clothing-staff was reduced by Kshs. 1M.
- Supplies and accessories for computers was reduced by Kshs. 0.4M.
- Sanitary and cleaning materials, supplies and services was reduced Kshs. 0.3M.
- Fuel, oil and lubricants-other was reduced by Kshs. 0.5M.
- Membership fees, dues and subscriptions to professional and trade was reduced by Kshs 50,000/.
- Maintenance of Plant, machinery and equipment was scrapped hence saving the whole amount of Kshs 0.2M.
- Purchase of motor vehicles was scrapped hence saving the whole amount of Kshs 15M.
- Purchase of office furniture and fittings was scrapped hence saving the whole amount of Kshs 0.2M.

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- Purchase of computers, printers and other IT equipment was scrapped hence saving the whole amount of Kshs 1M.
- Purchase of weights and measures equipment was reduced by Kshs.1M.
- Purchase of ICT networking and communications equipment was scrapped hence saving the whole amount of Kshs Kshs. 0.1M.
- Rehabilitation and renovation was scrapped hence saving Kshs. 0.2M.

(iii) Development Expenditure

- Other Depository Corp. other (Microfinance) was allocated Kshs. 50M
- Other Financial Institutions (MIDC-Salaries, O &M) was allocated Kshs. 50M
- Nyambene conservancy was reduced by Kshs.10M.
- Tourism marketing and development was reduced by Kshs. 20M.
- Establishment of County Union of Saccos was scrapped hence saving the whole amount of Kshs 10M.
- Cooperative Development was reduced by Kshs. 20M.
- Capacity building was reduced by Kshs. 15M.
- Non-residential Buildings (establishment of markets) was added Kshs 15M
- Non-residential building (construction of weights and measures county lab) was scrapped hence saving the whole amount of Kshs 8M.
- Research was scrapped hence saving the whole amount of Kshs 3M.
- Trade promotion was scrapped hence saving the whole amount of Kshs 5M.

12) CULTURE YOUTH AND GENDER

(i) Compensation of employees

The committee resolved that they would only allow a growth of not more than 6% of the basic salaries from that of the fiscal year 2014/15 hence:

- Basic salaries Civil service was reduced by Kshs. 2.395M.

(iii) Use of goods and services

- Telephone, telex, facsimile and mobile services was reduced Kshs 180,000/.
- Internet connection was scrapped hence saving the whole amount of Kshs 144,000/

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- Communication, supplies – others was scrapped hence saving the whole amount of Kshs 50,000/.
- Travel costs (airlines, buses, railway and millage allowances etc.) was reduced by Kshs. 1.8M.
- Accommodation – domestic travel was reduced by Kshs. 1M.
- Daily subsistence allowance was scrapped hence saving the whole amount of Kshs 3M.
- Publishing and printing services was reduced by Kshs. 1M.
- Hire of equipment, plant and machinery was reduced by Kshs. 0.3M.
- Training expenses-other was reduced by Kshs. 0.2M.
- Boards, committees, conferences and seminars was reduced by Kshs. 2M.
- Purchase of workshop tools, spares and small equipment was scrapped hence saving the whole amount of Kshs 1M.
- Food and rations was reduced by Kshs. 0.2M.
- General office supplies (papers, pencils, forms, small office equipment) was reduced by Kshs. 0.5M.
- Supplies and accessories for computers and printers was reduced by Kshs 150,000/
- Fuel, oil and lubricants – other was reduced by Kshs. 1M.
- Routine maintenance- vehicles was reduced by Kshs. 1M.
- Purchase of motor vehicles was scrapped hence saving the whole amount of Kshs 5M.
- Purchase of office furniture and fittings was scrapped hence saving the whole amount of Kshs.500,400/-
- Purchase of computers, printers and other IT equipment was scrapped hence saving the whole amount of Kshs 0.6M.
- Purchase Office furn. & Gen.-other (Budget) was scrapped hence saving the whole amount of Kshs 564,500/
- Purchase of software was scrapped hence saving the whole amount of Kshs 100,000/.

(iv) Development expenditure

- Kinoru stadium was reduced by Kshs. 30M.
- Youth social economic empowerment was scrapped hence saving the whole amount of Kshs 14.7M.

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- Grading of sidelines at Maua Stadium was added Kshs 19M
- Sports development was scrapped hence saving the whole amount of Kshs 10.585M.
- Equipping Kinoru stadium was scrapped hence saving the whole amount of Kshs 5M.
- Kirwiro baseball complex was added Kshs 10M
- Women capacity building was scrapped hence saving the whole amount of Kshs 5M.
- Boy child empowerment was scrapped hence saving the whole amount of Kshs 4M.
- Construction and equipping Mwariama Culture Centre was reduced by Kshs. 1M.
- Equipping of music studio was scrapped hence saving the whole amount of Kshs 5M.
- Rehabilitation of cultural sites Njuri shrine was scrapped hence saving the whole amount of Kshs 7.7M.
- Rehabilitation of street children was scrapped hence saving the whole amount of Kshs 7.5M.
- Conservation and preservation of Ruiga-Giitune sacred forest was added Kshs 5M.

13) PUBLIC SERVICE BOARD

Mr. Speaker Sir, the Public Service Board is crucial too if well empowered and given defined roles can be of vital importance in this county especially in areas dealing with personnel's and all what entails them across all sectors of our county.

However resources are never enough and the same has to be budgeted to meet the priorities.

The committee also noted that the continued differences and lack of unity and togetherness amongst the members of the board is dangerously affecting the aspirations of the Meru County Government as a whole.

The committee analyzed the Board's budget in view of the above and made the following recommendations:-

(i) Use of Goods and Services

- Telephone, telex, facsimile and mobile phone services was reduced by Kshs. 0.35M.
- Internet connections was scrapped hence saving the whole amount of Kshs 200,000/
- Daily subsistence allowances was reduced by Kshs. 0.6M.
- Domestic travel and subsistence was reduced by Kshs.0.215M.

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- Daily subsistence allowances was scrapped since it was a repetition hence saving the whole amount of Kshs 4,264,000/
- Publishing and printing services was reduced by Kshs. 0.560M.
- Subscriptions to newspapers, magazines and periodicals was reduced by Kshs 50,000/
- Advertising, awareness and publicity campaigns was reduced by Kshs. 1.450M.
- Human Resource Reforms was scrapped since it was a repetition hence saving the whole amount of Kshs 537,500/
- Training expenses – other was reduced by Kshs. 1.35M.
- Catering services (reception), accommodation, gifts, food and drinks was reduced by Kshs 50,000/.
- Boards, committees, conferences and seminars was reduced by Kshs. 0.2M.
- General office supplies (paper, pencil, forms, small office equipment) was reduced by Kshs. 0.15M.
- Sanitary and cleaning materials, supplies and services was scrapped hence saving Kshs. 98,842/-
- Fuel, oil and lubricants –other was scrapped hence saving 1.5M.
- Membership fees, dues and subscriptions was reduced by Kshs 50,000/.
- Routine maintenance- motor vehicles was reduced by Kshs. 0.48M.
- Maintenance of computers, software and networks was reduced by 50,000/.

14) TOWN ADMINISTRATION

Mr. Speaker sir, the committee also analyzed the budgetary allocation for the town administration and made the following adjustments:-

(i) Compensation to employees

The committee resolved that there is no specific employees under this agency of the county government since all its employees belong to other establishments of the county government from which they are paid their salaries. There is no specific employee paid by this agencies and as such this allocation is unwarranted and should be reallocated.

(ii) Use of Goods and Services

- Telephone, telex, facsimile and mobile phone services was reduced by Kshs. 0.15M.
- Daily Subsistence Allowance was reduced by Kshs. 150,000/-

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- Catering services (reception), Accommodation, Gifts, Food and Drinks was reduced by Kshs. 0.6M;
- Boards, Committees, Conferences and Seminars was reduced by Kshs. 15M;
- Purchase of uniforms and clothing- Staff was reduced by Kshs 1.5M;
- General office supplies (papers, pencils, forms, small office equipment) was reduced by Kshs. 0.3M.
- Supplies and Accessories for computers and printers was reduced by Kshs 0.4M
- Fuel Oil and Lubricants- Other was reduced by Kshs 2M;
- Contracted professional Services was reduced by Kshs 2.5M;
- Other operating expenses was reduced by Kshs 0.5M;
- Routine maintenance- vehicles was reduced by Kshs 1M;
- Purchase of computers, printers and other IT equipment was scrapped entirely hence saving the whole amount of Kshs 1M;
- Purchase of office furniture and fittings was scrapped entirely hence saving the whole amount of Kshs 2M;

(iii) Development expenditure

- Contracted Technical services for street lighting was scrapped entirely hence saving the whole amount of Kshs 5M;
- Construction of Building- others was reduced by Kshs 0.5M

General Recommendations:

The Committee makes the following general recommendations:

1. The County Treasures observes strict adherence to budget timelines;
2. The Sectoral Committee on Labour, Public Service and Social Welfare makes the necessary follow up with the Department of Public Service and Administration to solve the mix up in the payroll of county employees;
3. That all Departments of the County Executive do regularly submit their monthly report on the monthly payroll of employees under the respective Departments to the Department of Public Service and Administration;

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4. That all recruitments meant to be undertaken during the financial year 2015/2016 be frozen pending investigations into the recruitment of staff by the Committee on Labour, Public Service and Social Welfare;
5. The Sectoral Committee on Labour, Public Service and Social Welfare undertakes investigations on how monies meant for paying arrears belonging to the workers of the now defunct County Councils were reallocated from the budget estimates for financial year 2014/2015 and reports its findings to this Honourable Assembly.

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Conclusion

Mr. Speaker sir, in conclusion, it is important to note that this year's estimates are in line with the County Fiscal Strategy Paper (CFSP) and that the above proposed new areas of funding and re-allocations, including the allocation for the creation of Ward Development Fund as well as the seed capital for the staff car loan and mortgage, do not add an extra burden on the fiscal framework, therefore the recommendations by the Committee do not create additional financing gap, the committee however tried to source funds from within the submitted budget proposal.

The Committee further recommends an expedited process of enacting into law the Ward Development Fund Bill to provide for the management and regulation of the funds already set aside in the department of treasury to act as Ward Development Fund to enhance equitable development across all the wards in Meru County.

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Mr. Speaker Sir, this report has been adopted by the members of the County Finance, Budget and Appropriations Committee as undersigned

Hon. Joshua Mithiaru Kiunga

Chair person

Hon. William Kirimi Magiri

Vice Chairperson

Hon. Stephen Nturibi Etirikia

Member

Hon. Secodina Kanini

Member

Hon. Alphaxard Chabari

Member

Hon. James Mugambi

Report of the County Assembly County Finance, Budget and Appropriations Committee following its Analysis of the Meru County Budget Estimates for Financial Year 2015/2016

Member

Hon. Joyce Muriuki

Member

Hon. Julius Mbijiwe

Member

Hon. Romano Mwito

Member

Hon. Jeniffer Murogocho

Member

Hon. Margaret Ntongai

Member

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ANNEXURE

MINUTES OF THE COMMITTEE