

THARAKA NITHI COUNTY ASSEMBLY

THE HANSARD

27th April 2021

*(Special Sitting of County Assembly convened via
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23rd April, 2021)*

*The County Assembly met at the
County Assembly chambers in Kathwana at 9.30 a.m.
[The Speaker (Hon. D.J. Mbaya) in the Chair]*

PRAYERS

Hon. Speaker: Honourable members let's get seated.

COMMUNICATION FROM THE CHAIR

Hon. Speaker: Honourable members, good morning and welcome to this sitting. I do wish you all the best as you carry on with your constitutional mandate. Thank you. Next order.

PAPERS

THE REPORT OF THE COMMITTEE ON FINANCE, BUDGET AND APPROPRIATIONS ON
THE COUNTY ASSEMBLY AND THE COUNTY EXECUTIVE SUPPLEMENTARY
BUDGET (II) FOR THE FINANCIAL YEAR 2020/2021

Hon. Speaker: Yes, honourable Godfrey Murithi.

Hon. Muchiri: Thank you honourable Speaker, I lay on the table of the House the report of the Committee on Finance, Budget and Appropriations on the County Assembly and the County Executive Supplementary Budget (II) for the financial year 2020/2021. Thank you.

(The paper was accordingly laid on the table)

Hon. Speaker: Thank you. Next order.

NOTICE OF MOTION

MOTION ON THE APPROVAL OF THE COUNTY ASSEMBLY AND THE
THE COUNTY EXECUTIVE SUPPLEMENTARY BUDGET
(II) FOR THE FINANCIAL YEAR 2020/2021

Hon. Speaker: Yes, honourable Godfrey Murithi, member for Karingani.

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Hon. Muchiri: Thank you honourable Speaker. I rise to give a notice of Motion on the approval of the County Assembly and the County Executive supplementary budget II for the financial year 2020/2021.

That; pursuant to the provisions of Section 135 of the Public Finance Management Act, 2012 and Standing Order 251, the County Assembly approves the County Assembly Supplementary Budget (II) for the Financial Year 2020/2021 and the County Executive Supplementary Budget (II) for the Financial Year 2020/2021 committed to the Committee on Finance, Budget and Appropriations on 20th April, 2021 without amendments.

Thank you honourable Speaker.

Hon. Speaker: Thank you. Honourable members pursuant to Standing Order number 67 the notice of Motion on the approval of the County Assembly and the County Executive supplementary budget II for the financial year 2020/2021 is hereby acknowledged. Thank you. Next Order.

MOTION

APPROVAL OF THE COUNTY ASSEMBLY AND THE COUNTY EXECUTIVE SUPPLEMENTARY BUDGET (II) FOR THE FINANCIAL YEAR 2020/2021

Hon. Speaker: Yes, honourable Godfrey Muchiri.

Hon. Muchiri: Thank you honourable Speaker. I seek the leave of the House to move the Motion on the approval of the County Assembly and County Executive supplementary budget II for the financial year 2020/2021. I have honourable Kinegeni and honourable Wilson Nyaga in support.

Hon. Speaker: Yes, honourable Wilson Nyaga.

(Hon. Derebia stood in his place and bowed to indicate support)

Hon. Speaker: Yes, honourable Jones Kinegeni.

(Hon. Kinegeni stood in his place and bowed to indicate support)

Hon. Speaker: Honourable members, pursuant to Standing Order number 3 the leave of the Assembly is hereby granted. Thank you.

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Hon. Muchiri: Thank you honourable Speaker. I rise to move the Motion on the approval of the County Assembly and County Executive supplementary budget II for the financial year 2020/2021.

That; pursuant to the provisions of Section 135 of the Public Finance Management Act, 2012 and Standing Order 251, the County Assembly approves the County Assembly Supplementary Budget (II) for the Financial Year 2020/2021 and the County Executive Supplementary Budget (II) for the Financial Year 2020/2021 committed to the Committee on Finance, Budget and Appropriations on 20th April, 2021 without amendments.

Honourable Speaker, allow me to go through the report of the committee and with your permission allow to report to this honourable House that on behalf of the members of the Committee on Finance, Budget and Appropriations and pursuant to the provisions of section 135 of the Public Finance Management Act 2012, and section 39 of the Public Finance Management Act regulations 2015 it is my pleasure and duty to present to the House, the Committee's Report on the County Executive and County Assembly Supplementary Budget (II) for the Financial Year 2020/2021.

I wish to thank the members of this Assembly for the part that they played towards the preparation of this report and to the members of the committee.

Honourable Speaker, section 135 of the Public Finance Management Act, 2012, provides that the County Government is to submit to the County Assembly Supplementary Budget in certain circumstances. It stipulates that 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.

The Tharaka Nithi County Assembly and the Tharaka Nithi County Executive Supplementary Budget (II) for the Financial Year 2020/2021 were received on Tuesday April 20th 2021 and in line with the House resolution of 6th April, 2021 the Supplementary Budgets were committed to the Committee on Finance, Budget and Appropriations for consideration vide letter TN/CA/ADM/2/VOL.5/657.

The Committee met with the County Executive Committee member in charge of Finance and Economic Planning on 26th April, 2021. The Committee also held a consultative meeting with all the Members of the County Assembly on Friday 23rd April, 2021.

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On behalf of the Committee, I have the honour and pleasure to present the Committee's Report on the Tharaka Nithi County Assembly and County Executive Supplementary Budget (II) for the Financial Year 2020/2021.

Mr. Speaker. In our report we have the legal basis so there is no need to go through it because it is in the Act and our Standing Orders. We also have the Public Finance Management Act and the members have the report. In the report we have done our part is clear in the Standing Orders.

Honourable Speaker, with your permission I will say that the submissions that were done by the Executive Committee Member in charge of Finance are important and I will go through them so that the honourable House can know that we engaged them on a serious note.

Following the submission of Supplementary Budget II for the Financial Year 2020/2021, the County Executive Committee Member in charge of Finance and Economic Planning submitted as follows:

Key Budget Policies:

The County Treasury has continued to uphold fiscal responsibility principles as outlined in 2020 County Fiscal Strategy Paper. The following are some of the principles outlined:

1. Maintaining a balanced budget of KES 5,857,834,974 where total expenditure is equal total expected revenues hence no need to deficit financing measures;
2. Ensuring that development priorities give attention to ongoing projects, stalled projects, pending bills, county flagship projects, counter-part financing and partnership projects among other projects identified during the planning and budget implementation process;
3. Ensuring financial resources prioritize the most critical needs in order to achieve maximum positive impact on the beneficiaries through prudent utilization of resources;
4. Linking programs objectives with intended outputs, outcomes and impacts;
5. Ensuring cash flows, procurement plans and budget implementation is harmonized with work-plans given the existing resource constraints;
6. Ensuring public participation and feedback mechanism form the basis for giving priority in selection of projects for funding and subsequent redistribution of resources;

Debt Financing Policy;

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The major driver of county government debt has been the pending bills occasioned by late disbursement of exchequer hence project implementation delays that result in project rolling over to subsequent financial years.

On the issue of Fiscal Responsibility Principles; we considered several issues that are supposed to be considered. The issue of 30% of total revenue being allocated to development was considered. As per now the allocation to development is 34% and the recurrent expenditure is at 66% of the total revenues.

The only issue that we have on our county from the time we came to this House is the issue of the wage bill. The allocation to salaries in the supplementary budget is 41% of the total county revenue but the County government has instituted measures to tame the increasing wage bill through the county public service board and freezing employment in the non-core and non-essential sectors. That was one of the issues but we are following it up with the finance department.

In managing the County Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles as outlined in the Public Finance Management (PFM) Act, 2012 and the PFM 2015 regulations —

Over the medium term a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure; In the supplementary budget, the proposed county allocation for development is at 34% above the minimum of 30% indicated in PFM (County Government) Regulations 2015.

Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure; The proposed supplementary has maintained a zero planned borrowing and additional allocation has been provided for pending payments to suppliers of goods and services.

The county debt shall be maintained at a sustainable level as approved by County Assembly; There isn't any debts owned by the County Government as at now. We have never approved any debt in this House.

The fiscal risks shall be managed prudently; County Treasury will continue to monitor and mitigate fiscal risks in line with the 2021 County Fiscal Strategy Paper.

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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; and the revenue budget has been realigned to reflect actual performance in the previous financial years. The Finance Act, 2019 harmonizes taxes and rates to ensure they are within a reasonable degree of predictability.

Honourable Speaker, the submissions by the County Assembly Service Board on the County Assembly supplementary budget (II) for the financial year 2020/2021.

The County Assembly Service Board submitted as follows with regard to the County Assembly Supplementary Budget II for the Financial Year 2020/2021:

The County Assembly budget for FY 2020/2021 was prepared within an unforeseen additional expenditure resulting from the pending bills that resulted from late disbursement of funds during FY 2019/2020. This resulted in preparation of supplementary budget 1 which approved by the County Assembly in November 2020. The supplementary budget 1 provided provision for payment of pending bills from previous financial year. Other changes within the economic environment could not be addressed at the moment as the financial year was still young and no major changes had happened.

The financial year 2020/21 has advanced, and this being the last quarter in the budget implementation for FY 2020/2021, changes within the operating economic environment have occurred and which need to be aligned within the financial planning environment of the County Assembly.

The supplementary budget II seeks to address operational challenges that the County Assembly faces towards the implementation of the current budget. These costs will not call for extra resources but only budget line realignments within programs.

The Assembly has exhausted key budget lines that play an important role in ensuring that the activities of the Members of the County Assembly and Staff are running efficiently.

Therefore, there is need to increase budget lines under use of goods and services to ensure that the Members of the County Assembly are facilitated and able to execute their core mandate effectively in the remaining three months of the current financial year.

An increase in budget lines under the Use of Goods and Service has resulted to borrowing from Car and Mortgage budget line and Acquisition of Assets budget lines that are unlikely

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to be utilized before the end of the financial year and Wages and Salaries budget lines from savings which resulted from Members plenary sittings not being achieved in full due to Covid-19 guidelines.

Specific changes in the supplementary budget II;

The changes have been implemented has follows;

1. Use of goods and services (domestic travel, printing of bills, hospitality, training, fuel costs, legal fees and contracted professionals) has a net increase of Kshs30,755,739 from Kshs160,120,393 to Kshs190,876,132.
2. Wages and salaries have a net reduction of Kshs6,565,739 from Kshs225,626,839 to Kshs219,061,100.
3. Acquisition of assets have a net reduction of Kshs14,190,000 from Kshs27,252,768 to Kshs13,062,768.
4. Car loan and Mortgages has a reduction of Kshs10,000,000 from Kshs10,000,000 to zero.

That is the Assembly's supplementary budget.

Honourable Speaker, allow me to say that we raised some concerns to the CECM. The issues were raised by the members and the CECM felt that it was good to respond to them.

The total County supplementary budget II is proposed to equal Kshs5,857,834,974 out of which Kshs3,882,573,007 is meant for recurrent while Kshs1,975,261,967 has been earmarked for development initiatives. With these allocations the development budget represents 33.7 percent of the overall budget while recurrent budget represents 66.3 percent of the overall budget. Compared to the supplementary budget I there is proposed upward revision of the recurrent budget by Kshs81,231,000 with the development budget decreasing with the same amount.

CEC'S response on specific concerns raised by the Committee:

- i. Increase of the Recurrent Expenditure due to the increment of the salaries and personal emoluments:

The CEC informed the Committee that the increment was intended to finance unforeseen personnel emolument differences arising from the implementation of Collective Bargaining Agreement with the health workers negotiated at national level. sThe agreement required the

County Governments to implement the CBA retrospectively hence huge arrears in benefits to employees. She added that the statutory deductions take precedence over all the other financial needs.

ii. Reallocation from the development expenditure:

It was noted that as informed by financial management the county treasury in preparing the last supplementary budget as the financial year nears its end is obligated to reallocate any funds that are not yet committed and are unlikely to be utilized in the said financial year as the procurement process cannot take place in the remaining period. In light of the foregoing the funding of the projects that were unlikely to be utilized was reallocated to fund the areas that had more pressing financial needs.

iii. Reallocations in the water sector:

This was a big concern. The CEC informed the Committee that the water sector had several pending bills due to the nature of implementation of their projects as most of their projects are done between the month of May and September before the rains which is the end of a financial year and the first quarter of the next financial year that is mostly faced with cash flow challenges. She added that the changes were informed by where there were pending bills, where there was counter funding and the donor funding had not yet come through and where the projects were yet to commence.

iv. Reallocation from Coffee Revitalization programme

The CEC informed the committee that the implementation matrix had not yet been provided and the period required for implementation would not be sufficient during the current financial year. To elaborate on this there is a fund that is called the cherry fund that is financed by the National government in collaboration with the county government. The ministry of agriculture had proposed that the county finances the fund with 30 million and in the budget we had proposed just 10 million. The national government is yet to provide the matrix for utilizing these funds. They have not also financed the cherry fund. That money cannot be used.

v. Reallocation from Completion of KMTC block at Chuka Hospital

The Committee was informed that the said funding had attracted an audit query from the Auditor general as it was said to be a function of the national government. She added that the

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County Government was currently working on the modalities to hand over the building to KMTC and the National Government.

vi. Reallocation from PLWD Empowerment

The Committee was informed that the People Living with Disability empowerment had been absorbed into the youth empowerment fund as most were in groups and had already applied for funding in the youth fund. She added that there were assistive devices in place that are currently being issued to the people living with disability and thus they were adequately catered for.

vii. Reallocation from Civil works-10% Contractors Retention Money

The Committee was informed that the Contractors Retention money account keeps being replenished and currently the account is properly funded as there is more than enough to cater for the contractors in the current financial year. This allowed for reallocation from the said account in the Current financial and the account can be refunded in the next financial year.

viii. Domestic payables KRA

The committee was informed that the Kenya Revenue Authority carried out an audit of the County Governments payment of taxes from the year 2013 to 2017. It was established that the first County Government had not submitted Kshs.700million in total of all the taxes of which 261 were domestic payables. The County Government negotiated a payment plan of paying gradually and thus the allocated amount would go into paying the debt.

In conclusion Mr. Speaker,

Upon consideration of the above submissions and the supplementary budget the committee noted that the department of water was experiencing implementation challenges as most of the reallocations were taking place in the said department. This had also been noted during consideration of the first supplementary budget where the allocations were said to be as a result of pending bills in the said department.

The Committee resolved to closely follow up with the department on water as they consider the allocations for the next financial year as the budget Estimates for the financial year 2021/2022 are due to be submitted to the County Assembly by the 30th day of April, 2021 as per the provisions of the Public Finance Management Act, 2012.

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Before I give the recommendation let me say that I want to thank the members for their concerns especially when it came to the reallocation of the money from development. There was also a reallocation of funds from the hospital and the money meant for its generator but we came to realize that the one who was awarded the contract withdrew and that money cannot be used now. The hospital already has a generator but they wanted to upgrade and the funds were moved to the health department.

The members were also concerned that about the issue of the roads. In our report there is no funds that have been reallocated from roads in the supplementary budget and therefore we felt it was not our concern. We are still going to follow up with the department of roads so that we can sort out most of the issues that are being raised the members. the committee on roads and the committee on budget are thinking of putting our CECMs on their toes. This is especially so when it comes to roads and water. The CECMs need to tell us what they are doing with their budgets after we approve them so that we cannot be time and again keep referring to these two departments.

Mr. Speaker, the committee's recommendations;

The Committee on Finance Budget and appropriations recommends that:

- i. The County Assembly approves the County Assembly Supplementary Budget (II) for the Financial Year 2020/2021 without amendments and
- ii. The County Assembly approves the County Executive Supplementary Budget (II) for the Financial Year 2020/2021 without amendments.

It's the Committee's humble submission that the House adopts its report on the County Assembly Supplementary Budget (II) for the financial year 2020/2021 and the County Executive Supplementary Budget (II) for the financial year 2020/2021.

I move and request honourable Gataya to second. Thank you honourable Speaker.

Hon. Speaker: Thank you honourable Godfrey Muchiri. Yes, honourable Mwenda Gataya.

(Hon. Gataya stood in his place and bowed to second)

Hon. Speaker: Honourable members allow me now to propose the question, that; pursuant to the provisions of Section 135 of the Public Finance Management Act, 2012 and Standing Order 251, the County Assembly approves the County Assembly Supplementary Budget (II)

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for the Financial Year 2020/2021 and the County Executive Supplementary Budget (II) for the Financial Year 2020/2021 committed to the Committee on Finance, Budget and Appropriations on 20th April, 2021 without amendments.

The floor is now open for debate. Yes, honourable Mwenda Gataya, member for Mukothima.

Hon. Speaker: Yes, Honourable Mwenda Gataya. Honourable member for Mukothima

Hon. Gataya: Thank you Mr. Speaker. I have very little to say about the report because the chair has just been very bold, very elaborate and very captivating. I have nothing to add or subtract. We as a committee we did everything possible to make sure we have combed through all the departments and the report that the chair has just tabled is the best we have produced as a committee. I support.

Hon. Speaker: Thank you honourable Mwenda Gataya, member for Mukothima. Yes, honourable Wilson Nyaga and the Minority leader.

Hon. Derebia: Thank you Mr. Speaker I rise to support the Motion on the approval of the supplementary budget II. The chair of the budget committee was eloquent. He has elaborated that he invited us to a consultative meeting where we agreed about all those issues he has raised after considering them. I would also want to thank the service board members who have factored the budgeting of the MCAs and members of staff so that at least we may be able to perform our duties and mandates that we were elected to do and with that I support.

Hon. Speaker: Thank you honourable Wilson Nyaga, yes honourable Majority leader.

Hon. Kathenya: Thank you Mr. Speaker. The chairman has been very articulate and has addressed everything that members were concerned about and in that case I support.

Hon. Speaker: Thank you, honourable Peterson Mwirigi, member for Ganga. Honourable members the floor is still open for debate. Yes, honourable member for Magumoni honourable Justin Kithinji.

Hon. Kithinji: Thank you Mr. Speaker. This is an era of Covid-19 and I know we are using paperless means to communicate but sometimes we forget that the network may fail us. Today I have done a lot of listening. What was sent to me was just the Order Paper. I didn't have the report that the honourable member has read.

Nevertheless, he was eloquent enough but it's my humble request that the document can be sent earlier so that we can be able to download when we have network. Again the network can be boosted in this particular House so that we don't have to rely on our memories.

The honourable chair has spoken and elaborated on the supplementary budget. Worth noting is that the executive is aware they are not able to absorb money meant for most crucial departments especially for roads because we know what roads mean for the people of Tharaka Nithi. In his report he has mentioned that they are aware that sometimes it is due to the procurement process. I was expecting to hear the remedy for that because I want to believe the problem is over reliance on one contractor such that we have one contractor working in all the wards and by the time the year is done he is half way. Of course many a times we do give promises to our electorate. So Mr. Speaker now that they have learnt there is a problem with procurement it is important that they arrest that situation so that next time we are not left hanging.

I was keen on listening to what the chair was saying when he said that that money has been moved from development to the recurrent expenditures. He has just talked of money for roads not having been touched and I want to believe him. He is a Christian so I want to believe what he has told us is correct. That money for roads has not been moved. If that money has been moved, we will have a lot of problems with the electorate and not just only the MCA's but everybody who has been elected in this county will have a lot of problems. I want to take his word that it has not been moved. He has tasked the committee for roads to fast track on what is happening. I am a member of that committee and we are equal to the task.

Now that he has given us convincing reasons I also support the supplementary. Thank you Mr. Speaker.

Hon. Speaker: Thank you, honourable Justine Kithinji, member for Magumoni. Yes, honourable member for Ciakariga, honourable John Njagi Mucee.

Hon. Mucee: Thank you Mr. Speaker sir and allow me to take this chance to welcome the House. Tharaka Nithi electorate gave us work that we are doing today. There is no service that is rendered in Tharaka Nithi county without expenditure and then we are spending monies well and that's why we are here approving the supplementary budget so that work can be done.

Mr. Speaker sir, if we pass this supplementary budget then the executive does not make proper use of it by doing what it is intended to do then the money is useless because if some money is set for maybe a construction of bridge and then time lapses having not been done awaiting the procurement process and procurement laws that's bad for us. Its killing us down there.

We need to pass supplementary budget and immediately make use of it. Whichever budget we pass here we need to implement and do work that people can see and say it's good work on the ground.

Thank you Mr. Speaker Sir I support.

Hon. Speaker: Thank you, honourable member for Ciakariga, honourable John Njagi Mucee. Honourable members the floor is still open for debate.

Honourable members regard being taken to the mood in the House and the times we are living in allow me to put the question

(Loud consultations)

The mover, do you feel so strongly that you need to reply?

(Loud consultations)

Honourable members allow me to put the question.

(Question put and agreed to)

PROCEDURAL MOTION

REDUCTION OF THE PUBLICATION PERIOD OF THE THARAKA NITHI COUNTY SUPPLEMENTARY APPROPRIATION BILL, 2021

Hon. Speaker: Yes, honourable Godfrey Murithi chairperson committee on finance budget and appropriation and the honourable member for Karingani.

Hon Muchiri: Thank you. honourable Speaker. I rise to move the Motion on the reduction of the publication period of the Tharaka Nithi County Assembly Appropriation Bill, 2021. That pursuant to the provisions of Standing Order 149 (5) this House resolves to reduce the

publication period of the Tharaka Nithi County Supplementary Appropriation bill, 2021 from 7 days to 1 day.

Honourable Speaker I move the Motion and I request honourable Njeri Kigwari to second.

Hon. Speaker: Thank you honourable Godfrey Murithi honourable member for Karingani. Yes, honourable member for Igambang'ombe honourable Bonifacia Njeri

Hon. Njeri: I second

Hon. Speaker: Honourable members allow me to propose the question that pursuant to the provisions of Standing Order 149 (5) this House resolves to the publication period of the Tharaka Nithi County Supplementary Appropriation Bill, 2021 from 7 days to 1 day.

Honourable members the floor is now open for debate

(Loud consultations)

Hon. Speaker: Honourable members regard being taken to the mood in the House allow me now to put the question

(Question put and agreed to)

ADJOURNMENT

Honourable members there being no other business on the Order Paper this House stands adjourned until our next sitting.

****The House rose at 10.10 a.m.****