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6/6/17



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

FIFTH SESSION

PARLIAMENT
OF KENYA
LIBRARY



PA et al
chair
By the leader
of the party
Mutava
Musyimi
on Tuesday
6/6/2017
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THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE SECOND
SUPPLEMENTARY ESTIMATES FOR 2016/2017

JUNE, 2017

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PREAMBLE

Mr. Speaker, on behalf of the Members of the Budget and Appropriations Committee and pursuant to Article 223 of the Constitution, Section 44 of the Public Finance Management Act, 2012, Section 40 of the Public Finance Management Regulations 2015 and the Standing Order 243(1), it is my pleasure to present to this House, the Committee's Report on the second supplementary estimates for Financial Year 2016/2017.

Mandate of the Committee

Mr. Speaker, the Standing Order 207 establishes the Budget and Appropriations Committee with specific mandates among which is to:

- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the national budget;
- ii. Discuss and review the estimates and make recommendations to the House;
- iii. Examine Bills related to the national budget, including Appropriations Bills; and
- iv. Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlays.

Mr. Speaker, the Budget & Appropriations Committee as currently constituted comprises of the following Honorable Members:

- | | |
|---|--------------------|
| 1. Hon. MutavaMusyimi, CBS, M.P. | - Chairperson |
| 2. Hon. Mary Emaase, M.P | - Vice Chairperson |
| 3. Hon. Phillip Rotino, M.P | |
| 4. Hon. Benjamin Langat, M.P. | |
| 5. Hon. John Mbadi, CBS, M.P. | |
| 6. Hon. EdickOmondiAnyanga, M.P | |
| 7. Hon. (Dr.) MakaliMulu, M.P | |
| 8. Hon. Ferdinand Waititu, M.P | |
| 9. Hon. Jackson Kiptanui, M.P. | |
| 10. Hon. JamleckKamau, E.G.H, M.P. | |
| 11. Hon. Mohamed Shidiye, M.P. | |
| 12. Hon. Moses Lessonet, M.P. | |
| 13. Hon. Moses Ole Sakuda, M.P. | |
| 14. Hon. Nelson Gaichuhie, M.P. | |
| 15. Hon. Richard Onyonka, M.P | |

16. Hon. ShakeelShabbir, M.P
17. Hon. Yusuf Hassan Abdi, M.P
18. Hon. Suleiman MurungaKasuti, M.P.
19. Hon. Abdulaziz Farah, M.P.
20. Hon. (Dr.) ReginaldaWanyonyi, M.P.
21. Hon. AbdullahiDiriye M.P
22. Hon. Ahmed.I. Abass, M.P
23. Hon. Alice Ng'ang'a, M.P.
24. Hon. BadyBadyTwalib, M.P
25. Hon. Ben Momanyi, M.P
26. Hon. Christopher Nakuleu, M.P
27. Hon. Christopher Omulele, M.P.
28. Hon. Daniel Nanok, M.P.
29. Hon. DenittahGhati, M.P.
30. Hon. Dennis Kariuki, M.P.
31. Hon. Francis Njenga, M.P.
32. Hon. Gideon Ochanda, M.P.
33. Hon. James Gakuya, M.P.
34. Hon. James K. Bett, M.P
35. Hon. Jonathan Lelelit,M.P.
36. Hon. Jones Mlolwa, M.P.
37. Hon. Joseph Limo, M.P.
38. Hon. KathuriMurungi, M.P
39. Hon. Kenneth Okoth , M.P
40. Hon. K.K Stephen Kinyanjui, M.P.
41. Hon. (Maj.) Marcus Muluvi, M.P
42. Hon. Moses Kuria, M.P
43. Hon. MuriukiNjagagua, M.P.
44. Hon. Nasra Ibrahim, M.P.
45. Hon. (Dr.) NjoguBarua, M.P
46. Hon. Patrick Ole Ntutu, M.P.
47. Hon. Peter Weru, M.P.
48. Hon. Priscilla Nyokabi, M.P.
49. Hon. Richard Tongi,M.P
50. Hon. Samuel Gichigi, M.P.
51. Hon. TiyahGalgalo, M.P.

Examination of the Second Supplementary Estimates

Mr. Speaker, the Second Supplementary Estimates for the financial year 2016/2017 was submitted to the National Assembly on 25th May 2017. The Budget and Appropriations Committee examined and discussed the estimates and has made recommendations which are contained in this report. If approved by the House, these recommendations will form the basis for the passage of the Second Supplementary Appropriation Law.

Mr. Speaker, in reviewing of the Second Supplementary Estimates for FY 2016/2017, the Budget and Appropriations Committee held six (6) sittings which included two (2) meetings with the National Treasury. The proposals for each Ministry, Department and Agency (MDAs) were submitted to the respective Departmental Committees. Afterwards, the Budget and Appropriations Committee received submissions with recommendations which have been taken into account in this report.

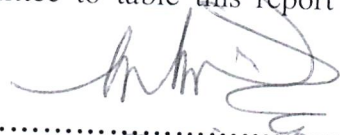
Acknowledgements

Mr. Speaker, the Budget and Appropriations Committee is indebted to the Departmental Committees and all Members of Parliament who participated in the process for their hard work and patriotism in making sure that Parliament lives up to its budgetary oversight role.

The Committee is also grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the steadfast support received as it discharged its mandate of reviewing the Second Supplementary Estimates for FY 2016/2017.

Mr. Speaker, it is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee to table this report and recommend it to the House for adoption.

Signed:



Hon. Mutava Musyimi, CBS, MP
Chairman, Budget & Appropriations Committee

Date: 6/6/2017

I. OVERVIEW OF THE SECOND SUPPLEMENTARY ESTIMATES 2016/2017

Introduction

1. **Mr. Speaker**, this House approved the budget for the Financial Year 2016/17 in June 2016. While approving the budget we emphasized the need for measures to be instituted to ensure the budget is implemented as approved. Immediately after the approval of the budget, the Treasury issued a circular instituting austerity measures in areas that are considered non-priority. Six months into its implementation, the first supplementary budget was brought to the National Assembly resulting in a reduction of Kshs. 16.6 billion. The effects of drought and high cost of living necessitated the second supplementary budget which was tabled in the National Assembly on 25th May 2017.
2. **Mr. Speaker**, the country is grappling with socio-economic challenges which have resulted in the downward revision of the economic growth projections (by the National Treasury, IMF, World Bank, and Parliamentary Budget Office). Some of the challenges include double digit inflation, food insecurity, and uncertainty in business environment occasioned by the heightened political activity as the country draws closer to the general elections.
3. **Mr. Speaker**, there is no doubt this country has made various achievements notably in the energy and infrastructure front but the country is capable of achieving more than this. There are a number of targets achieved and equally a number have been missed. We therefore must carefully appraise ourselves and identify where it is necessary for us to change and to institute the necessary measures in order to achieve a higher and sustainable economic growth.
4. **Mr. Speaker**, it's noted that the second supplementary budget proposes a number of changes in various votes including increases in areas that had been reduced during the first supplementary. The second supplementary estimates propose to increase the total budget estimates by Kshs. 64.1 billion. This comprises of an increase in recurrent estimates by Kshs. 6.5 billion, development estimates by Kshs. 42.1 billion, and the Consolidated Fund Services (CFS) by Kshs. 15.5 billion.
5. **Mr. Speaker**, the increases in development estimates is on account of programmes financed from external resources. The Committee was concerned that the

framework for review of donor commitments before inclusion in the estimates seems to be weak and it is for this reason that there is always in-year revisions of development estimates related to external resources. This is one of the key contributors of low absorption of external resources in the recent years.

6. **Mr. Speaker**, in line with Section 51 of the PFM Regulations, MDAs are required to stop all commitments for supply of goods or services by not later than 31st May each year (except with the express approval of the accounting officer in writing). This means the Second Supplementary should only be for emergencies such as drought, and areas with pending bills but not for new expenditures.

Adherence to the legal framework

7. **Mr. Speaker**, Section 43(2)(c) of the PFM, Act states that reallocation per program should not exceed 10 percent of total approved budget of a program unless for unforeseen circumstances. However, has not been adhered to in a number of programs including general administration, planning and support services under State Department for Fisheries and the Blue Economy.
8. In addition, Part 40 of PFM regulations requires that information be provided for actual expenditure and outstanding liabilities/commitments as well as sources for funding of additional expenditure. However, this information is not provided.

II. BUDGET PERFORMANCE AS AT END OF APRIL 2017

9. **Mr. Speaker**, while approving the budget, the estimated revenue for the year 2016/17 was projected at Kshs. 1.52 trillion. A review of the performance of exchequer receipts as at the end of April 2017 indicates that the government is likely to have a shortfall in revenue. In addition, there is likely to be a low absorption in development expenditure, especially externally funded programmes. With less than one month to the end of the financial year, the government is unlikely to achieve its target on both revenues and expenditure.
10. **Mr. Speaker**, Supplementary estimates should be informed by the trends in actual expenditure. This House has been on record and has resolved in various budget estimates reports that supplementary estimates proposals should be accompanied by an updated report of performance (both financial and non- financial). As the Committee reviewed the estimates, it did not have performance information in particular as relates to projects. It therefore means we will be approving additional

spending based on scanty information submitted during the review of the proposals.

III. KEY PROPOSED CHANGES UNDER THE SUPPLEMENTARY II ESTIMATES

a) Recurrent expenditure

11. Mr. Speaker, the second Supplementary budget proposes to increase the gross recurrent expenditure for FY 2016/17 by Kshs. 6.4 billion translating to Kshs. 925.7 billion from Kshs. 919.3 billion. The major increments will mainly be for the following activities: acquisition of strategic stock amounting to Kshs. 3.7 billion which will address the food shortage; security operations amounting to Kshs. 3.2 billion so as to increase security operations and, Ministry of Health amounting to Kshs. 1.5 billion to cater for salaries for medical practitioners under the various Collective Bargaining Agreements (CBA).

12. Mr. Speaker, in addition, the Committee noted a major reduction on the allocation for compensation to employees amounting to Kshs. 3.1 billion under Teachers Service Commission (TSC). Such a reduction may result to hiring of less teachers than had been proposed at the beginning of the financial year.

13. Mr. Speaker, it is also noted that additional funds have been voted for foreign travel amounting Kshs. 555 million and hospitality supplies amounting to Kshs. 472 million across a number of ministries. This goes against the directive National Treasury issued last year stating that austerity measures should be applied to the items mentioned above.

b) Development Expenditure

14. Mr. Speaker, the gross development expenditure is proposed to increase by Kshs. 42.1 billion to stand at Kshs. 801.54 billion from Kshs. 759.41 billion. The key increments proposed are in State Department for Energy amounting to Kshs. 19.6 billion, State Department for Water Services amounting to Kshs. 8.3 billion, State Department for Infrastructure amounting to Kshs. 7 billion, State Department for vocational and technical training amounting to Kshs. 2.4 billion, State Department for Basic Education amounting to Kshs. 2 billion and State Department for ICT amounting to Kshs. 1.2 billion.

15. Mr. Speaker, bulk of the development budget is donor funded amounting to Ksh. 32.1 billion. The House can recall that one of the reasons as to why there was a reduction in the first supplementary was because of reduction donor funds arising from low absorption capacity. The second supplementary however sought to reverse this situation. This inconsistency in dealing with donor funds points out to an inherent systemic problem, which may erode the reforms that have so far been achieved in so far as good budgeting practice is concerned.

c) Consolidated Fund Services (CFS)

16. Mr. Speaker, the CFS budget is set to increase by Kshs.15.5 billion which includes an increase in domestic interest debt service by Kshs.10.5 billion and an increase in pensions by Kshs.5 billion. The increment in servicing public debt is as a result of increased borrowing in the financial year and re-opening of existing long term bonds. The increment in pensions is as a result of an increase in the allocations for payment of retired teachers' pensions.

IV. RECOMMENDATIONS

17. Mr. Speaker, having considered the above matters, the committee recommends as follows:

- i. That, going forward Supplementary budgets should only incorporate unforeseen and unavoidable expenditures to the extent only described by the relevant laws. This will enhance the credibility of the budget process.
- ii. That, in future, performance information in particular relating to projects, should be included in the estimates.
- iii. That, there is need for expenditures related to CFS to be adequately scrutinized in the beginning of the Financial Year so as to ensure additional payment requirements do not arise in the course of the year.
- iv. That, there is need to review all projects with pending bills and ensure they get adequate funding in the next financial year.
- v. That, there is need for review of all pending bills related to utilities, services and food and rations for prisons with a view to ensuring that they are fully settled in 2017/18.
- vi. That, a reallocation of Kshs.74.6 million be made within the recurrent budget of the National Treasury from the general administration program towards settling outstanding obligations for Pan-Paper.

- vii. That, a reallocation of Kshs. 9 million be made within the recurrent budget of the State Department for Arts and Culture under the Culture programme for youth talent activities.
- viii. That, a reallocation of Kshs. 343 million be made within the development budget of the Ministry of Health from the 'General Administration, Planning & Support Services' programme for Slum Upgrading Programme to the 'National Referral & Specialized Services' programme for the Burns Unit in the Kenyatta National Hospital.
- ix. That, a reallocation of Kshs. 40 million be made within the recurrent budget of the State Department for Interior from the 'Planning, Policy Coordination and Support Services' programme for National Disaster Operation to the 'Policing Services' programme under the office of the Deputy Inspector General (Kenya Police Services) for enhanced security operations.

18. Mr. Speaker, that the House to resolve as follows:

- i. Approve an increment of the total recurrent expenditure for Financial Year 2016/2017 by **Kshs. 6,493,177,978** in respect of the votes as in the Schedule;
- ii. Approve an increment of the total capital expenditure for Financial Year 2016/2017 by **Kshs.42,132,984,988** in respect of the votes as in the First Schedule;
- iii. Approve an overall increment in the total budget for Financial Year 2016/2017 by **Kshs.48,626,162,966** in respect of the votes as in the First Schedule; and
- iv. The First Schedule forms the basis of enactment of the Supplementary Appropriations Act.

SCHEDULE 1: PROPOSED SECOND SUPPLEMENTARY ADJUSTMENTS FOR FY 2016/2017

Vote and Programmes	Recurrent	Capital	Total
1011 The Presidency	1,253,911,800	-	1,253,911,800
0702000 P2 Cabinet Affairs	(2,088,200)	-	(2,088,200)
0703000 P3 Government Advisory Services	(20,000,000)	-	(20,000,000)
0704000 P4 State House Affairs	650,000,000	-	650,000,000
0734000 P.6 Deputy President Services	626,000,000	-	626,000,000
1021 State Department for Interior	3,679,827,704	-	3,679,827,704
0601000 P.1 Policing Services	3,146,827,704	-	3,146,827,704
0602000 P.2 Planning, Policy Coordination and Support Service	533,000,000	-	533,000,000
1023 State Department for Correctional Services	6,000,000	-	6,000,000
0604000 P1 Correctional services	6,000,000	-	6,000,000
1032 State Department for Devolution	5,000,000	(8,800,000)	(3,800,000)
0712000 P7: Devolution Services	2,500,000	-	2,500,000
0732000 P.3 General Administration, Planning and Support Services	2,500,000	(8,800,000)	(6,300,000)
1033 State Department for Special Programmes	(9,850,000)	(901,800,000)	(911,650,000)
0713000 P 8: Special Initiatives	(3,850,000)	-	(3,850,000)
0733000 P.9 Accelerated ASAL Development	(6,000,000)	(901,800,000)	(907,800,000)
1034 State Department for Planning and Statistics	94,000,000	95,000,000	189,000,000
0706000 P1 : Economic Policy and National Planning	(19,000,000)	105,000,000	86,000,000
0708000 P3: Monitoring and Evaluation Services	(800,000)	(20,000,000)	(20,800,000)
0709000 P4: General Administration Planning and Support Services	15,100,000	-	15,100,000
1013000 P.7 Integrated Regional Development	98,700,000	10,000,000	108,700,000
1041 Ministry of Defence	-	-	-
0801000 P.1: Defence	70,000,000	-	70,000,000
0803000 P.3 General Administration, Planning and Support Services	(70,000,000)	-	(70,000,000)
1052 Ministry of Foreign Affairs	89,539,550	-	89,539,550
0714000 P.1 General Administration Planning and Support Services	112,000,000	-	112,000,000
0715000 P.2 Foreign Relation and Diplomacy	(22,460,450)	-	(22,460,450)
1063 State Department for Basic Education	-	2,015,270,000	2,015,270,000
0501000 P.1 Primary Education	205,000	2,015,270,000	2,015,475,000
0502000 P.2 Secondary Education	185,500	-	185,500
0503000 P.3 Quality Assurance and Standards	247,000	-	247,000
0508000 P. 8 General Administration, Planning and Support Services	(637,500)	-	(637,500)
1064 State Department for Vocational and Technical Training	159,800,000	2,440,000,000	2,599,800,000
0505000 P.5 Technical Vocational Education and Training	-	2,440,000,000	2,440,000,000
0508000 P. 8 General Administration, Planning and Support Services	159,800,000	-	159,800,000
1065 State Department for University Education	40,000,000	634,785,000	674,785,000
0504000 P.4 University Education	-	634,785,000	634,785,000
0508000 P. 8 General Administration, Planning and Support Services	40,000,000	-	40,000,000
1071 The National Treasury	(1,094,297,835)	514,542,609	(579,755,226)
0717000 P1 : General Administration Planning and Support Services	(883,729,639)	488,000,000	(395,729,639)
0718000 P2: Public Financial Management	(161,355,762)	26,542,609	(134,813,153)
0719000 P3: Economic and Financial Policy Formulation and Management	(49,212,434)	-	(49,212,434)

Vote and Programmes	Recurrent	Capital	Total
1081 Ministry of Health	1,592,989,000	614,076,946	2,207,065,946
0401000 P.1 Preventive, Promotive & RMNCAH	-	1,123,115,815	1,123,115,815
0402000 P.2 National Referral & Specialized Services	332,397,000	383,000,000	715,397,000
0404000 P.4 General Administration, Planning & Support Services	1,260,592,000	(892,038,869)	368,553,131
1091 State Department of Infrastructure	(20,000,000)	7,532,249,698	7,512,249,698
0202000 P.2 Road Transport	(20,000,000)	7,532,249,698	7,512,249,698
1092 State Department of Transport	-	(109,000,000)	(109,000,000)
0203000 P3 Rail Transport	-	400,000,000	400,000,000
0204000 P4 Marine Transport	-	(400,000,000)	(400,000,000)
0205000 P5 Air Transport	-	(74,500,000)	(74,500,000)
0216000000 Road Safety	-	(34,500,000)	(34,500,000)
1094 State Department for Housing & Urban Development	(1,000,000,000)	(140,000,000)	(1,140,000,000)
0102000 P.2 Housing Development and Human Settlement	(1,000,000,000)	(400,000,000)	(1,400,000,000)
0105000 P 5 Urban and Metropolitan Development	-	260,000,000	260,000,000
1103 State Department for Water Services	41,074,814	8,311,984,050	8,353,058,864
1001000 P.2 General Administration, Planning and Support Services	16,703,114	-	16,703,114
1004000 P.3 Water Resources Management	24,371,700	8,311,984,050	8,336,355,750
1104 State Department for Irrigation	(47,339,702)	(293,117,500)	(340,457,202)
1014000 P.4 Irrigation and Land Reclamation	(47,339,702)	506,882,500	459,542,798
1015000 P.1 Water Storage and Flood Control	-	(800,000,000)	(800,000,000)
1105 State Department for Environment	(10,000,000)	537,543,700	527,543,700
1002000 P.2 Environment Management and Protection	-	537,543,700	537,543,700
1012000 P.3 Meteorological Services	(10,000,000)	-	(10,000,000)
1112 Ministry of Lands and Physical Planning	(42,000,000)	-	(42,000,000)
0101000 P. 1 Land Policy and Planning	(42,000,000)	-	(42,000,000)
1122 State Department for Information Communications and Technology & Innovation	(5,000,000)	1,235,600,000	1,230,600,000
0207000 P1: General Administration Planning and Support Services	(2,100,000)	-	(2,100,000)
0210000 P4: ICT Infrastructure Development	-	1,235,600,000	1,235,600,000
0217000 P5 E-Government Services	(2,900,000)	-	(2,900,000)
1123 State Department for Broadcasting & Telecommunications	323,000,000	-	323,000,000
0207000 P1: General Administration Planning and Support Services	23,825,000	-	23,825,000
0208000 P2: Information And Communication Services	299,175,000	-	299,175,000
1132 State Department for Sports Development	-	-	-
0901000 P.1 Sports	46,863,844	-	46,863,844
0905000 P.5 General Administration, Planning and Support Services	(46,863,844)	-	(46,863,844)
1133 State Department for Arts and Culture	90,000,000	-	90,000,000
0910000 P 5: General Administration Planning and Support Services	90,000,000	-	90,000,000
1152 State Department for Energy	4,500,000	19,630,643,453	19,635,143,453
0211000 P1 General Administration Planning and Support Services	4,500,000	-	4,500,000
0212000 P2 Power Generation	-	(1,781,069,562)	(1,781,069,562)
0213000 P3 Power Transmission and Distribution	-	21,411,713,015	21,411,713,015
1161 State Department for Agriculture.	4,044,300,000	782,957,408	4,827,257,408
0107000 P1: General Administration Planning and Support Services	(7,500,000)	-	(7,500,000)
0108000 P2: Crop Development and Management	4,061,800,000	775,957,408	4,837,757,408
0109000 P3: Agribusiness and Information Management	(10,000,000)	7,000,000	(3,000,000)
1162 State Department for Livestock.	(40,000,000)	(258,000,000)	(298,000,000)

Vote and Programmes	Recurrent	Capital	Total
0112000 P 6: Livestock Resources Management and Development	(40,000,000)	(258,000,000)	(298,000,000)
1164 State Department for Fisheries and the Blue Economy	(12,000,000)	(494,600,806)	(506,600,806)
0111000 P5: Fisheries Development and Management	(12,000,000)	(494,600,806)	(506,600,806)
1172 State Department for Investment and Industry	112,700,000	-	112,700,000
0301000 P.1 General Administration Planning and Support Services	107,339,415	-	107,339,415
0302000 P.2 Industrial Development and Investments	5,360,585	-	5,360,585
1173 State Department for Cooperatives	(106,657,685)	-	(106,657,685)
0304000 P.1 Cooperative Development and Management	(106,657,685)	-	(106,657,685)
1174 State Department for Trade	49,956,345	-	49,956,345
0307000 P 3: Trade Development and Promotion	49,956,345	-	49,956,345
1184 State Department for Labour	(63,394,399)	-	(63,394,399)
0910000 P 5: General Administration Planning and Support Services	(15,526,190)	(23,500,000)	(39,026,190)
0906000 P 1: Promotion of the Best Labour Practice	(45,513,373)	(29,500,000)	(75,013,373)
0907000 P 2: Manpower Development, Employment and Productivity Management	(2,354,836)	53,000,000	50,645,164
1185 State Department for Social Protection	41,265,206	-	41,265,206
0908000 P 1: Social Development and Children Services	41,265,206	-	41,265,206
1191 Ministry of Mining	(438,699,996)	-	(438,699,996)
1007000 P.1 General Administration Planning and Support Services	(400,000,000)	-	(400,000,000)
1009000 P.3. Mineral Resources Management	(38,699,996)	-	(38,699,996)
1201 Ministry of Tourism	45,001,466	-	45,001,466
0306000 P 2: Tourism Development and Promotion	45,001,466	-	45,001,466
1211 State Department for Public Service and Youth Affairs	(20,000,000)	273,600,000	253,600,000
0710000 P 5: Public Service Transformation	(10,000,000)	23,228,804	13,228,804
0711000 P6: Youth Empowerment	(10,000,000)	250,371,196	240,371,196
1212 State Department for Gender	(99,489,392)	-	(99,489,392)
0912000 P 2: Gender Empowerment	(99,489,392)	-	(99,489,392)
1252 State Law Office and Department of Justice	(122,000,000)	-	(122,000,000)
0606000 P.1 Legal Services	(63,262,556)	-	(63,262,556)
0609000 P. 4 General Administration, Planning and Support Services	(58,737,444)	-	(58,737,444)
1261 The Judiciary	(50,000,000)	-	(50,000,000)
0610000 P 1: Dispensation of Justice	(50,000,000)	-	(50,000,000)
1271 Ethics and Anti- Corruption Commission	239,000,000	(250,000,000)	(11,000,000)
0611000 P.1 Ethics and Anti- Corruption	239,000,000	(250,000,000)	(11,000,000)
1281 National Intelligence Service	900,000,000	-	900,000,000
0804000 P.1 National Security Intelligence	900,000,000	-	900,000,000
1291 Office of the Director of Public Prosecutions	(74,000,000)	-	(74,000,000)
0612000 P.1 Public Prosecution Services	(74,000,000)	-	(74,000,000)
1321 Witness Protection Agency	(6,000,000)	-	(6,000,000)
0615000 P.1 Witness Protection	(6,000,000)	-	(6,000,000)
2011 Kenya National Commission on Human Rights	(8,000,000)	-	(8,000,000)
0616000 P 1: Protection and Promotion of Human Rights	(8,000,000)	-	(8,000,000)
2021 National Land Commission	(6,000,000)	-	(6,000,000)
0114000 P2. General Administration, Planning and Support Services	(6,000,000)	-	(6,000,000)
2041 Parliamentary Service Commission	34,000,000	-	34,000,000
0722000 P.2 Senate Affairs	(44,160,000)	-	(44,160,000)
0723000 P. 3 General Administration, Planning and Support Services	78,160,000	-	78,160,000
2071 Public Service Commission	28,931,597	-	28,931,597

Vote and Programmes	Recurrent	Capital	Total
0725000 P.1 General Administration, Planning and Support Services	28,931,597	-	28,931,597
2081 Salaries and Remuneration Commission	23,400,000	-	23,400,000
0728000 P.1 Salaries and Remuneration Management	23,400,000	-	23,400,000
2091 Teachers Service Commission	(3,100,000,000)	-	(3,100,000,000)
0509000 P.1 Teacher Resource Management	(2,700,000,000)	-	(2,700,000,000)
0511000 P.3 General Administration, Planning and Support Services	(400,000,000)	-	(400,000,000)
2111 Auditor General	-	(48,000,000)	(48,000,000)
0729000 P.1 Audit Services	-	(48,000,000)	(48,000,000)
2121 Controller of Budget	(20,886,865)	-	(20,886,865)
0730000 P.1 Control and Management of Public finances	(20,886,865)	-	(20,886,865)
2131 The Commission on Administrative Justice	(3,000,000)	-	(3,000,000)
0731000 P.1 Promotion of Administrative Justice	(3,000,000)	-	(3,000,000)
2141 National Gender and Equality Commission	-	18,050,430	18,050,430
0621000 P.1: Promotion of Gender Equality and Freedom from Discrimination	-	18,050,430	18,050,430
2151 Independent Policing Oversight Authority	(6,403,630)	-	(6,403,630)
0622000 P.1 Policing Oversight Services	(6,403,630)	-	(6,403,630)
Total	6,493,177,978	42,132,984,988	48,626,162,966

MINUTES OF THE 14th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON TUESDAY 30th, MAY 2017 IN MINI CHAMBER, COUNTY HALL BUILDING AT 10:30 A.M.

Present

1. **Hon. Mutava Musyimi, CBS, M.P.** -Chairperson
2. **Hon. Mary Emaase, M. P.** -Vice Chairperson
3. Hon. Yusuf Hassan Abdi, M.P.
4. Hon. Moses Lessonet, M.P.
5. Hon. Moses Ole Sakuda, M.P.
6. Hon. (Dr.) Makali Mulu, M.P.
7. Hon. Abdulaziz Farah, M.P.
8. Hon. Abdullahi Diriye M.P.
9. Hon. Ahmed I. Abass, M.P.
10. Hon. Francis Njenga, M.P.
11. Hon. James Gakuya, M.P.
12. Hon. Jonathan Lelelit, M.P.
13. Hon. Jones Mlolwa, M.P.
14. Hon. Joseph Limo, M.P.
15. Hon. Moses Kuria, M.P.
16. Hon. Muriuki Njagagua, M.P.
17. Hon. Richard Tongi, M.P.
18. Hon. Samuel Gichigi, M.P.

Absent

1. Hon. Benjamin Langat, M.P.
2. Hon. Richard Onyonka, M.P.
3. Hon. Phillip Rotino, M.P.
4. Hon. Edick Omondi Anyanga, M.P.
5. Hon. Jamleck Kamau, M.P.
6. Hon. Jackson Kiptanui, M.P.
7. Hon. Suleiman Kasuti, M.P.
8. Hon. Shakeel Shabbir, M.P.
9. Hon. Nelson Gaichuhie, M.P.
10. Hon. Christopher Omulele, M.P.
11. Hon. James K. Bett, M.P.
12. Hon. Daniel Nanok, M.P.
13. Hon. Gideon Ochanda, M.P.
14. Hon. K.K. Stephen Kinyanjui, M.P.

15. Hon. Kenneth Okoth , M.P
16. Hon. Kathuri Murungi, M.P
17. Hon. Peter Weru, M.P.
18. Hon. (Maj.) Marcus Muluvi, M.P
19. Hon. (Dr.) Njogu Barua, M.P
20. Hon. Ferdinand Waititu, M.P
21. Hon. Mohammed Shidiye, M.P.
22. Hon. John Mbadi, M.P.
23. Hon. (Dr.) Reginalda Wanyonyi, M.P.
24. Hon. Alice Ng'anga, M.P.
25. Hon. Bady Bady Twalib, M.P.
26. Hon. Ben Momanyi, M.P
27. Hon. Christopher Nakuleu, M.P
28. Hon. Denis Kariuki, M.P.
29. Hon. Denittah Ghati, M.P.
30. Hon. Nasra Ibrahim, M.P.
31. Hon. Patrick Ole Ntutu, M.P.
32. Hon. Priscilla Nyokabi, M.P.
33. Hon. Tiyah Galgalo, M.P.

In attendance

National Treasury

1. Mr. Mutua Kilaka
2. Mr. Francis Anyona
3. Mr. Samuel Kiiru
4. Ms. Naomi Matheri
5. Ms. Isabella Kogei
6. Mr. Shem Nyakuti
7. Ms. Dorothy Kimeu
8. Mr. Elijah Kabiru
9. Mr. Richard Gakunya
10. Ms. Miriam Musyoki
11. Mr. Musa Kathanje
12. Mr. Wambugu Samuel

Principal Administrative Secretary

Parliamentary Budget Office

1. Ms. Phyllis Makau
2. Mr. Martin Masinde
3. Mr. Joseph Ndirangu

Director, PBO
Senior Deputy Director
Fiscal Analyst III/ Clerk

4.	Ms. Millicent Makina	Fiscal Analyst I
5.	Mr. James Chacha	Fiscal Analyst III
6.	Mr. Danson Kachumbo	Fiscal Analyst III
7.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
 - i. *Briefing by Parliamentary Budget Office(PBO) on the contents of 2016/17 Supplementary Estimates.*
 - ii. *Preliminary discussions with Cabinet Secretary with Cabinet Secretary, National Treasury on issues of concern on the 2016/17 Supplementary II Estimates.*
5. Any Other Business

MIN BAC/014 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 11.00 a.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed members present that the committee would likely go on a report writing retreat on supplementary II Estimates for 2016/17 on Monday the following week before tabling the report on Tuesday. This was on account of the House adjourning on 15th June 2017, therefore there was some urgency to expedite the process. He also informed members that currently the departmental committees are being briefed on the contents of 2016/17 supplementary II estimates. The departmental committees are expected to submit their reports to the committee on Monday, 5th June 2017. He thereafter called upon Parliamentary Budget Office to brief members on the contents of 2016/17 supplementary estimates.

MIN BAC/014/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN BAC/014/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN BAC/014/2017/04: BRIEFING BY PARLIAMENTARY BUDGET OFFICE (PBO) ON THE CONTENTS OF 2016/17 SUPPLEMENTARY ESTIMATES II

The PBO presentation highlighted that the growth projection of 6 percent unlikely to be achieved due to challenges impacting the country such as inflation, low purchasing power, uncertainty in the business environment, erratic weather patterns and low agriculture performance. Levels of public debt currently stood at Ksh. 4 trillion and increasing.

In addition, supplementary II estimates submitted to Parliament proposed the following changes:

- i. *Proposed total increment of Ksh 64.1 billion. The increase of 2.9 percent of approved estimates. However, overall change of 2.2 percent by both supplementary budgets.*
- ii. *National Government to increase by Ksh. 48.6 billion (recurrent expenditure to increase by Ksh. 6.5 billion and development to increase by Ksh. 42.1 billion)*
- iii *Parliament recurrent expenditure to increase Ksh. 34 million*
- iv. *Judiciary recurrent expenditure to reduce by Ksh. 50 million*
- v. *Consolidated Fund Services to increase by Ksh. 15.5 billion of which Ksh. 10.5 billion for Treasury Bond Interest, Kshs. 1 billion for Civil Servants pension and 4 billion for civil service gratuity.*

The committee was informed that information provided in the supplementary budget was incomplete on various levels such as budget performance, justification for additional money hence making it difficult to make informed decisions. The government issued a directive that advertisements should be coordinated by Ministry of ICT, however many spending agencies were still budgeting for the item. Finally, Parliament should receive the pre-election report as required by law, within four months before general elections.

After the presentation, the Chair excused himself and asked the vice-chair to chair the meeting. The vice-chair called upon National Treasury to comment on the presentation.

**MIN BAC/003/2017/05: PRELIMINARY DISCUSSIONS WITH
CABINET SECRETARY WITH CABINET SECRETARY,
NATIONAL TREASURY ON ISSUES OF CONCERN ON THE
2016/17 SUPPLEMENTARY II ESTIMATES**

National Treasury informed members that they revised the economic growth target of the country to 5.7 percent. The supplementary budget was prepared to mitigate challenges of high cost of living because of the prevailing drought conditions in the country and clear some of the pending bills. National treasury queried why Parliamentary Budget Office said that the information provided was incomplete and yet they submitted a National Treasury memorandum that explained some of the issues raised by.

In regards to the pre-election report, National Treasury informed the committee that they would be submitting the report soon since the date of submission has not yet lapsed. Most of the development expenditure in the proposed supplementary budget constitute donor funds. Parliament approved the 2016/17 budget after the government signed new commitments for funding of programs and projects.

In addition, as of 1st July, the government will move to contribution pension scheme as required by law. This will be able to cartel the budget allocation for pensions that currently stands at Ksh. 60 billion.

Members concerns were:

- i. Members queried whether the Ksh. 1 billion pensions catered for Nakuru teachers who retired years ago and never received their pensions
- ii. There was need for members to be vetted so that they can scrutinize confidential expenditures in the budget
- iii. Members queried in quantum amounts how much of the donor funds were aggregated for grants and loans.
- iv. Members queried whether the allocations in supplementary budget were sufficient to cater for ongoing projects especially the water projects since

most contractors are lamenting that the government owes them a lot of money.

v. Was there duplication of roles? There was an allocation for rehabilitation of markets in the supplementary budget yet it was a county function.

National treasury was able to respond to some of the concerns of members. It was noted in the meeting that National Treasury only submitted 2016/17 supplementary estimates II, Programme Based Budget of National Government for the year ending 30th June 2017. The meeting adjourned after some lengthy deliberations

MIN BAC/ 013/2017/6: ADJOURNMENT

There being no other business the meeting adjourned at 1.00 p.m. The next meeting shall be communicated in the future.

SIGNED



.....
HON. MUTAVA MUSYIMI, CBS, M.P
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE

6/6/2017

.....
DATE

**MINUTES OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC)
REPORT WRITING RETREAT ON THE SECOND SUPPLEMENTARY FOR
2016/17 HELD ON MONDAY 5th, JUNE, 2017 IN CROWNE PLAZA HOTEL,
UPPER HILL, NAIROBI AT 9.00 A.M.**

Present

1. **Hon. Mutava Musyimi, CBS, M.P.** -Chairperson
2. **Hon. Mary Emaase, M. P.** -Vice Chairperson
3. Hon. Phillip Rotino, M.P
4. Hon. Edick Omondi Anyanga, M.P
5. Hon. Moses Lessonet, M.P.
6. Hon. Moses Ole Sakuda, M.P
7. Hon. Jackson Kiptanui, M.P.
8. Hon. Shakeel Shabbir, M.P.
9. Hon. Nelson Gaichuhie, M.P.
10. Hon. Christopher Omulele, M.P.
11. Hon. Mohammed Shidiye, M.P.
12. Hon. Richard Onyonka, M.P

13. Hon. (Dr.) Makali Mulu, M.P.
14. Hon. (Maj.) Marcus Muluvi, M.P
15. Hon. Abdulaziz Farah, M.P.
16. Hon. Abdullahi Diriye M.P
17. Hon. Ahmed I. Abass, M.P.
18. Hon. Ben Momanyi, M.P
19. Hon. Francis Njenga, M.P.
20. Hon. James Gakuya, M.P.
21. Hon. Alice Ng'anga, M.P.
22. Hon. Jonathan Lelelit, M.P.
23. Hon. Jones Mlolwa, M.P.
24. Hon. Joseph Limo, M.P.
25. Hon. K.K. Stephen Kinyanjui, M.P
26. Hon. Kathuri Murungi, M.P
27. Hon. Muriuki Njagagua, M.P.
28. Hon. (Dr.) Njogu Barua, M.P
29. Hon. Peter Weru, M.P.
30. Hon. Samuel Gichigi, M.P.
31. Hon. Tiyah Galgalo, M.P.

Absent

1. Hon. Benjamin Langat, M.P
2. Hon. Yusuf Hassan Abdi, M.P
3. Hon. Ferdinand Waititu, M.P.
4. Hon. John Mbadi, M.P.
5. Hon. Suleiman Kasuti, M.P.
6. Hon. James K. Bett, M.P
7. Hon. (Dr.) Reginalda Wanyonyi, M.P.
8. Hon. Bady Bady Twalib, M.P.
9. Hon. Christopher Nakuleu, M.P
- 10.Hon. Daniel Nanok, M.P.
- 11.Hon. Denis Kariuki, M.P.
- 12.Hon. Denittah Ghati, M.P.
- 13.Hon. Gideon Ochanda, M.P.
- 14.Hon. Kenneth Okoth , M.P
- 15.Hon. Moses Kuria, M.P
- 16.Hon. Nasra Ibrahim, M.P.
- 17.Hon. Patrick Ole Ntutu, M.P.
- 18.Hon. Priscilla Nyokabi, M.P.
- 19.Hon. Richard Tongi, M.P.

Departmental Committee Chair

- 1.Hon. Asman Kamam, M.P.

Chair, Administration & National Security

In attendance

National Treasury

1. Mr. Henry Rotich
2. Dr. Kamau Thugge
3. Mr. Wohoro Ndohho
4. Mr. Francis Anyona
5. Mr. Samuel Kiiru
6. Mr. Jackson Kinyanjui
7. Mr. Ndolo Daniel
8. Mr. Wambugu Samuel
9. Mr. Robert Isifu
- 10.Ms. Isabella Kogei

Cabinet Secretary
Principal Secretary

11. Ms. Miriam Musyoki
12. Mr. Musa Kathanje
13. Mr. Wambugu Samuel

Ministry of Interior and Coordination of National Government

- | | |
|---------------------------------------|---------------------|
| 2. Hon. Maj- Gen(Rtd) J.K. Nkaisserry | Cabinet Secretary |
| 3. Dr. Eng. Karanja Kibicho | Principal Secretary |
| 4. Mr. John Njoroge | |
| 5. Mr. Paul Mwongere | |
| 6. Ms. Rosemary Muia | |
| 7. Mr. Eric Murungi | |
| 8. Ms. Annet Wanja | |

Parliamentary Budget Office

- | | |
|---------------------------|-------------------------|
| 1. Ms. Phyllis Makau | Director, PBO |
| 2. Mr. Martin Masinde | Senior Deputy Director |
| 3. Mr. Robert Nyaga | Deputy Director |
| 4. Ms. Lucy Makara | Chief Fiscal Analyst |
| 5. Mr. Frederick Muthengi | C. Fiscal Analyst/Clerk |
| 6. Ms. Millicent Makina | Fiscal Analyst I |
| 7. Mr. Benjamin Ng'imor | Fiscal Analyst I |
| 8. Mr. Adan Abdi | Fiscal Analyst III |
| 9. Mr. James Chacha | Fiscal Analyst III |
| 10. Mr. Danson Kachumbo | Fiscal Analyst III |
| 11. Ms. Esther Ngechu | Sergeant At Arms |
| 12. Mr. Joram Baraza | Office Attendant |

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
 - i. *Departmental Committee submissions on the 2016/17 Supplementary II Estimates*
 - ii. *Meeting with Cabinet Secretary, National Treasury on issues of concern on the 2016/17 Supplementary II Estimates.*
 - iii. *Meeting with Cabinet Secretary, Interior and Coordination of National Government on issues of concern on the 2016/17 Supplementary II Estimates.*

5. Any Other Business

MIN BAC/ /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 9.30 a.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed members present that he had also invited Cabinet Secretary, Interior and Coordination of National Government to appear before the committee so as to discuss issues of concern on the 2016/17 Supplementary II Estimates.

He thereafter informed National Treasury that the committee had some issues of concerns that wanted clarifications before tabling its report. The issues of concern were namely:

- i. Donor funding of development projects*
- ii. Whether austerity measures was being applied in training, hospitality and advertising,*
- iii. Whether there was need to amend the law that limits variation to no more than ten percent reallocation per program,*
- iv. The accumulation of pending bills on ongoing projects,*
- v. The implication of closure of IFMIS to accept new commitments by 31st May 2017 and*
- vi. Lack of adherence to Parliament resolutions.*

He called upon the Cabinet Secretary for National Treasury to respond to the issues.

MIN BAC/015/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN BAC/015/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN BAC/015/2017/04: MEETING WITH CABINET SECRETARY, NATIONAL TREASURY ON ISSUES OF CONCERN ON THE 2016/17 SUPPLEMENTARY II ESTIMATES

The Cabinet Secretary (CS) for National Treasury thanked the committee for the invitation and gave a brief presentation on the 2016/17 supplementary II estimates.

The CS informed members that supplementary budget tabled in Parliament seeks approval for additional expenditure of Kshs. 48.6 billion for National Government above what was appropriated in the previous supplementary. In addition, according to Article 223 of the Constitution out of Kshs. 48.6 billion, Kshs. 19.7 billion had already been spent. He went further to explain how the supplementary II estimates had adhered to the different provisions of the law.

After the brief presentation, the Cabinet Secretary responded to the various issues of concerns that the committee raised. An increased absorptive capacity by Ministries Departments and Agencies (MDAs) to take up donor funds was the explanation provided as to why development expenditure consisted mostly of donor funds. National Treasury reiterated that the law is clear that as of 31st May, there should be no new commitments to IFMIS. This is as to why National Treasury encourages MDAs to provide their cash flow plans. The supplementary budget had allocations for some of the pending bills especially for ongoing projects.

In addition, an allocation of Kshs. 68 million for retired Justice Lutta to cater for the compensation of his land that the government used to resettle squatters.

**MIN BAC/015/2017/05: MEETING WITH CABINET SECRETARY,
INTERIOR AND COORDINATION OF NATIONAL GOVERNMENT
ON ISSUES OF CONCERN ON THE 2016/17 SUPPLEMENTARY II
ESTIMATES**

The Cabinet Secretary for Interior and Coordination of National Government thanked the committee for the invitation and gave a brief presentation on the 2016/17 supplementary II estimates. The presentation highlighted the various justifications for the proposed increases within the Ministry such as election related expenses and recruitment of police officers. After the presentation, the chair invited members to react on the presentation.

Members concerns were

1. *Payment for security by political parties during the party primaries*
2. *The government prioritization of recruitment of more police officers to national police reservists.*

3. Recruitment for disciplined officers remains for sale

The Cabinet Secretary together with his team who accompanied him were able to respond to the issues raised by members. The Chair welcomed his fellow Chair of National Administration and National Security, to brief the committee. The committee was informed that the departmental committee will be meeting with the Cabinet Secretary of Interior and Co-ordination of National Government on issues of concern on the 2016/17 supplementary II estimates the following day before submitting their submission to Budget and Appropriations Committee.

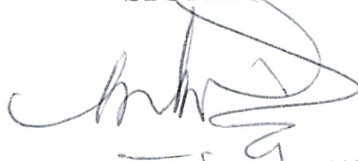
MIN BAC/ 015/2017/6: ANY OTHER BUSINESS

The Chair asked National Treasury the key lessons they had learnt through the interaction with the committee. National Treasury responded that they enjoyed working with a dedicated committee. Going forward, the committee agreed that there was need to relook at the report on the socio-economic audit of the 2010 Constitution to curb wastage. In addition, we should ensure that the budget is fully financed.

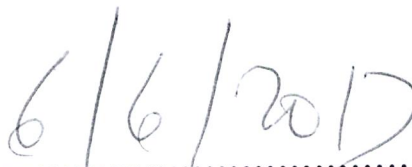
MIN BAC/ 015/2017/7: ADJOURNMENT

There being no other business the meeting adjourned at 2.00 p.m. The next meeting shall be on 6th June 2017 at 12.00 noon.

SIGNED



.....
HON. MUTAVA MUSYIMI, CBS, M.P
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE



.....
DATE

MINUTES OF THE 16TH SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON TUESDAY 6th, MAY 2017 IN SMALL DINING, MAIN PARLIAMENT BUILDINGS AT 12.00 NOON

Present

- | | |
|--------------------------------------|-------------------|
| 1. Hon. Mutava Musyimi, CBS, M.P. | -Chairperson |
| 2. Hon. Mary Emaase, M. P. | -Vice Chairperson |
| 3. Hon. Phillip Rotino, M.P | |
| 4. Hon. Edick Omondi Anyanga, M.P | |
| 5. Hon. Moses Lessonet, M.P. | |
| 6. Hon. Moses Ole Sakuda, M.P | |
| 7. Hon. Jackson Kiptanui, M.P. | |
| 8. Hon. Shakeel Shabbir, M.P. | |
| 9. Hon. Nelson Gaichuhie, M.P. | |
| 10. Hon. Richard Onyonka, M.P | |
| 11. Hon. Kathuri Murungi, M.P | |
| 12. Hon. Christopher Omulele, M.P. | |
| 13. Hon. Mohammed Shidiye, M.P. | |
| 14. Hon. (Dr.) Makali Mulu, M.P. | |
| 15. Hon. (Maj.) Marcus Muluvi, M.P | |
| 16. Hon. Abdulaziz Farah, M.P. | |
| 17. Hon. Abdullahi Diriye M.P | |
| 18. Hon. Ahmed I. Abass, M.P. | |
| 19. Hon. Ben Momanyi, M.P | |
| 20. Hon. Francis Njenga, M.P. | |
| 21. Hon. James Gakuya, M.P. | |
| 22. Hon. Alice Ng'anga, M.P. | |
| 23. Hon. Jonathan Lelelit, M.P. | |
| 24. Hon. Jones Mlolwa, M.P. | |
| 25. Hon. Joseph Limo, M.P. | |
| 26. Hon. K.K. Stephen Kinyanjui, M.P | |
| 27. Hon. Muriuki Njagagua, M.P. | |
| 28. Hon. (Dr.) Njogu Barua, M.P | |
| 29. Hon. Peter Weru, M.P. | |
| 30. Hon. Samuel Gichigi, M.P. | |
| 31. Hon. Tiyah Galgalo, M.P. | |

Absent

1. Hon. Benjamin Langat, M.P
2. Hon. Yusuf Hassan Abdi, M.P
3. Hon. Ferdinand Waititu, M.P.
4. Hon. John Mbadi, M.P.
5. Hon. Suleiman Kasuti, M.P.
6. Hon. James K. Bett, M.P
7. Hon. (Dr.) Reginalda Wanyonyi, M.P.
8. Hon. Bady Bady Twalib, M.P.
9. Hon. Christopher Nakuleu, M.P
10. Hon. Daniel Nanok, M.P.
11. Hon. Denis Kariuki, M.P.
12. Hon. Denittah Ghati, M.P.
13. Hon. Gideon Ochanda, M.P.
14. Hon. Kenneth Okoth , M.P
15. Hon. Moses Kuria, M.P
16. Hon. Nasra Ibrahim, M.P.
17. Hon. Patrick Ole Ntutu, M.P.
18. Hon. Priscilla Nyokabi, M.P.
19. Hon. Richard Tongi, M.P.

Departmental Committee Chair

- | | |
|---------------------------------|---|
| 1. Hon. Asman Kamam, M.P. | Chair, Administration & National Security |
| 2. Hon. Dr. Robert Pukose, M.P. | Vice Chair, Health |

Parliamentary Budget Office

- | | |
|---------------------------|-------------------------|
| 1. Ms. Lucy Makara | Chief Fiscal Analyst |
| 2. Mr. Frederick Muthengi | C. Fiscal Analyst/Clerk |
| 3. Ms. Millicent Makina | Fiscal Analyst I |
| 4. Mr. Benjamin Ng'imor | Fiscal Analyst I |
| 5. Mr. Adan Abdi | Fiscal Analyst III |
| 6. Mr. Danson Kachumbo | Fiscal Analyst III |
| 7. Ms. Esther Ngechu | Sergeant at Arms |
| 8. Mr. Joram Baraza | Office Attendant |

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
 - i. *Receiving Submission by departmental committee on Administration and National Security on the 2016/17 Supplementary II Estimates.*
 - ii. *Adoption of the draft BAC report on the 2016/17 Supplementary II Estimates*
5. Any Other Business

MIN BAC/016 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 12.30 p.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed members present that he had welcomed the Chair of departmental committee on Administration and National Security to submit their report on the 2016/17 Supplementary II Estimates.

MIN BAC/016/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The committee confirmed all the minutes in relation to the 2016/17 Supplementary II Estimates.

MIN BAC/016/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN BAC/016/2017/04: RECEIVING SUBMISSION BY DEPARTMENTAL COMMITTEE ON HEALTH ON THE 2016/17 SUPPLEMENTARY II ESTIMATES

The committee received a submission from the Health Committee. The committee was informed that the departmental committee on Health recommended the following recommendation:

“That, a reallocation of Kshs. 343 million be made within the development budget of the Ministry of Health from the ‘General Administration, Planning & Support Services’ programme for Slum Upgrading Programme to the ‘National Referral & Specialized Services’ programme for the Burns Unit in the Kenyatta National Hospital”.

After deliberations, the committee agreed with the recommendation and factored it in the BAC report on the 2016/17 Supplementary II Estimates

MIN BAC/016/2017/05: RECEIVING SUBMISSION BY DEPARTMENTAL COMMITTEE ON ADMINISTRATION AND NATIONAL SECURITY ON THE 2016/17 SUPPLEMENTARY II ESTIMATES

The submission highlighted that the approved Estimates for the State Department for Interior have been adjusted to Kshs. 135 billion in the FY 2016/17 Supplementary Estimates II, comprising of Kshs. 107.6 billion and Kshs. 27.4 billion for current and capital expenditures respectively. The increment of Kshs. 3.7 billion is to cater for recruitment and training of police officers and enhanced security operations in preparation for the 2017 general elections.

The net change in recurrent estimates under supplementary II for the State Department for Interior amounts to KShs. 3.7 billion with the increases seen in the following Heads; Office of the Deputy Inspector General –Kenya Police Services Kshs. 1.7 billion, Office of the Deputy Inspector General-Administration Police Kshs. 887 million and OOP Headquarters Kshs 543 million.

The supplementary for the agencies under the purview of the Committee have majorly targeted activities which ought to have been controlled and austerity measures applied on. They include Hospitality, rentals of produced assets, and other operating expenses among others.

The presentation also highlighted that the Committee recommends the House approves the Revised Estimates as submitted to Parliament by the National Treasury of:

- i. Kshs. 10,946,307,262 for the Presidency vote 1011;
- ii. Kshs 135,036,729,334 for the State Department for Interior vote 1021;
- iii. Kshs. 20,751,920,720 for the State Department of Correctional Services vote 1022;
- iv. Kshs 1,267,529,465 for the Public Service Commission, vote 2071;
- v. Kshs. 484,935,269 for the Independent Police Oversight Authority vote 2151

After the submission, members deliberated on the report. Thereafter, thanked his fellow chair for appearing before the committee.

**MIN BAC/016/2017/06: ADOPTION OF THE DRAFT BAC REPORT ON THE
2016/17 SUPPLEMENTARY II ESTIMATES**

Members were taken through the draft report by Parliamentary Budget Office. After deliberations, the committee adopted the report with the following recommendations:

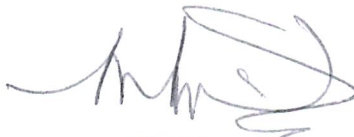
- i. *That, going forward Supplementary budgets should only incorporate unforeseen and unavoidable expenditures to the extent only described by the relevant laws. This will enhance the credibility of the budget process.*
- ii. *That, in future, performance information in particular relating to projects, should be included in the estimates.*
- iii. *There is need for expenditures related to CFS to be adequately scrutinized in the beginning of the Financial Year so as to ensure additional payment requirements do not arise in the course of the year.*
- iv. *That, there is need to review all projects with pending bills and ensure they get adequate funding in the next financial year.*
- v. *That, there is need for review of all pending bills related to utilities, services and food and rations for prisons with a view to ensuring that they are settled.*
- vi. *That, a reallocation of Ksh 75 million within the recurrent budget of the National Treasury for Pan-Paper to settle outstanding obligations.*

- vii. *That, a reallocation of Ksh 9 million be made within State Department for Arts and Culture under culture programme for youth activity.*
- viii. *That, a reallocation of Kshs. 343 million be made within the development budget of the Ministry of Health from the 'General Administration, Planning & Support Services' programme for Slum Upgrading Programme to the 'National Referral & Specialized Services' programme for the Burns Unit in the Kenyatta National Hospital.*
- ix. *That, a reallocation of Kshs. 40 million be made within the recurrent budget of the State Department for Interior from the 'Planning, Policy Coordination and Support Services' programme for National Disaster Operation to the 'Policing Services' programme under the office of the Deputy Inspector General (Kenya Police Services) for enhanced security operations.*

MIN BAC/ 016/2017/7: ADJOURNMENT

There being no other business the meeting adjourned at 1.30 p.m. The next meeting shall be communicated in the future.

SIGNED



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HON. MUTAVA MUSYIMI, CBS, M.P
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE

6/6/2017

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DATE