Paper laid by chairperson BAC Hon Ichungwah MP Tuesday 5/6/2018

ANNEX I: SUMMARY OF RECOMMENDATIONS BY DEPARTMENTAL COMMITTEES

Finance and National Planning

1) **Mr. Speaker,** pending bills were a key concern for this committee especially under the state department for devolution which inherited huge pending Bills from the defunct Local Authorities (Ksh. 3.5 Billion) some of which accrue interest rate (at a rate of 15% per annum). The new programme of Intergrated Regional Development (formerly under State Department for Planning) has also worsened the status of pending Bills since it has several Development Authorities with various levels of Pending Bills.

2) **Mr. Speaker,** the preparation for the 2019 census was also a matter of concern for this committee. The Committee observed that the integrity of the last National Housing and Population Census was questioned. As a result, the Committee was concerned that the proposed allocation to the sub-program is inadequate andproposed an additional allocation of Ksh. 1.2 billion to state department of planning to cater for the finalisation of the Mapping and other preparatory activities for the 2019 census.

Health

3) **Mr. Speaker,**the biggest concern under Health was the use of the Managed Equipment Services (MES). The committee was concerned that the MES equipment were not fully operational and indeed not in use in some hospitals such as in West Pokot yet these equipment have been paid for. Furthermore, concern on what will be way forward for the government after lapsing of the seven year contract was expressed. There is lack of clarity on whether government will extend leasing, purchase its own equipment or simply return the equipment. Despite this, the Committee observed that ministry intends to increase the coverage of Leasing of the medical equipments from 98 Hospitals to 119 Hospitals thus necessitating a higher budgetary allocation of Kshs 9.4 Billion from Ksh. 5.1 billion in the 2017/18 financial year. It was agreed that there is need for performance audit to ensure value for money.

4) **Mr. Speaker,** the Committee was informed that the Ministry of Health has a foreign borrowing of Kshs 7 billion for purchase of 37 CT scans. The government already met 20% of the total cost in 2017/18 amounting to Ksh. 1.74 billion as part of the condition before the foreign disbursement from the people's republic of china. The CT scans are not part of the Leasing of Medical equipment and the approximate unit cost of one CT scan is Kshs 40 Million. Furthermore, each scanner operationalization costs Ksh. 227.4 million. Currently, there are 90 CT scanners in the country out of which only 18 low capacity machines are in public hospitals, some of which are not functional.

5) **Mr. Speaker,**other foreign funded projects in the health sector include transforming universal care project (World Bank Ksh. 5.12 billion), support to universal healthcare in devolved system in Kenya (Danida – Ksh. 1.013 billion) and programme for basic Health Insurance for poor and informally employed (JICA and World Bank Ksh. 800 million). The committee is concerned

about the contractual agreements entered into by the government without the knowledge of parliament and the fact that these projects are facing challenges and in some cases are not fully functional.

Communication, Information and Innovation

6) **Mr. Speaker,** the status of Konza Techno City is a key concern. The committee was informed that the Konza Techno city had been underfunded over the financial years and this has adversely affected its completion. There was a proposal to reallocate amounts from other programmes to the KonzaTechnopolis Development Authority (Ksh. 100 million) and the Konza complex (Ksh. 200 million) for payment of salaries and the advertisement costs in marketing of Konza and settling of pending bills respectively.

Justice and Legal Affairs

7) **Mr. Speaker,** the committee was informed that the National Justice for Restorative Fund in the Attorney General's Office lacked the necessary structure and enabling legislations for the smooth implementation of the fund. A reduction of **Kshs 500 million** from the Fund was therefore recommended to be allocated to more critical needs.

8) **Mr. Speaker,**it was also suggested that the government considers setting up a fund for settling court awards against the government in the office of the Attorney General.

Defence and Foreign Relations

9) **Mr. Speaker,** the committee was informed that the ministry of defence has pending bills amounting to Ksh.850 million. In addition, the National Treasury had proposed to allocate the Ministry Ksh. 4.3 billion to be sourced largely from the state department for investment and industry. It should be noted that the departmental committee on trade and investment is opposed to the idea as it will hamper activities of programmes in the ministries/state departments.

10) **Mr. Speaker,** the committee was also informed that the Ministry of East African Community and Northern Corridor development required enhanced budgetary allocation to operationalise its activities which came with its creation as a new Ministry. Some critical budget lines were not factored in the 2018/2019 estimates amounting to Ksh. 406 million.

Environment and Natural Resources

11) **Mr. Speaker,** the committee was informed that the Drilling of Exploratory Boreholes under the Water Resources Management Authority in Turkana and Marsabit has been a continuous/ moving target under the State Department since the FY 2014/2015 with no tangible outputs. It

further duplicates the ground water mapping project being implemented in the same area of Turkana.

12) **Mr. Speaker,** it was noted that there are water harvesting programmes under the various water services boards though it was felt that some do not have sufficient resource allocation for them to achieve this objective. The committee therefore recommended reallocation of Ksh. 150 million from the drilling of Exploratory Boreholes under the Water Resources Management Authority in Turkana and Marsabitproject to the Athi Water Services Board (Ksh. 110 million) and the Lake Victoria South Water Service Board (Ksh. 40 million) to enhance water harvesting initiatives.

13) **Mr. Speaker,**the committee was also informed that the Flood Control and Mitigation project has an actual expenditure of Ksh. 357 million against a total cost estimate of Ksh. 1.65 billion. Due to erratic climatic conditions, there needs to be sufficient allocation towards construction of dykes in various parts of the country to mitigate against floods.

14) **Mr. Speaker,** Kenya Meteorological Department's implementation of several projects under modernization of meteorological services is hampered by budget cuts across financial years which have contributed to pending bills of **Ksh.427.8 million**. Furthermore, human wildlife conflict has been a major concern for the ministry of tourism and wildlife with a current pending bill of Ksh. 6 billion in claims.

Energy

15) **Mr. Speaker,**similar to other agencies, the state department of energy has accumulated pending bills totaling Ksh. 22.46 billion. These pending bills are in the Kenya Power and Lighting Company (Ksh.13.48 billion), Kenya National Electricity Transmission Company (Ksh. 3.93 billion), Geothermal Development Corporation (Ksh. 4.913 billion) and Nuclear Electricity Board (Ksh. 148 million).

16) **Mr. Speaker,** the committee was also informed that critical projects like last mile connectivity, connectivity subsidy, street lighting and connection of public facilities are grossly underfunded. This includes thirteen ongoing projects which require Ksh. 13.457 billion for wayleave cost but have been allocated Ksh. 1.754 billion. The minimum allocation for these thirteen projects for the projects to progree is Ksh. 5.545 billion.

17) **Mr. Speaker,** the Committee was also informed that the government has not provided resources in the 2018/19 budget for the distribution of LPG gas cylinders (Mwananchi gas project). This project was initiated to reduce the country's dependence on Kerosene.

Trade, Industry and Cooperatives

18) **Mr. Speaker,**the committee was informed that despite the industry sector being a key player in achieving the manufacturing pillar of the big four agenda, it has not received sufficient

allocations for key sectors such as textile and agroprocessing development. Indeed, some key projects such as development of dongokundu special economic zone, establishment of one stop centre for investors (KENINVEST) and accreditation of motor vehicle inspection body centres (KENAS) are not funded at all.

19) **Mr. Speaker,**committee was further informed that the National Treasury is proposing further reductions in allocation to state department of industry amounting to Ksh. 4.3 billion. This entails Ksh. 2 billion from funds allocated for the purchase of land in Naivasha for special economic zones, Ksh. 1 billion from the Kenya Industrial Estates (K.I.E), Ksh. 610 million from KIRDI and Ksh. 700 million for the construction of Constituency Industrial Development Centres. The committee expressed dissatisfaction with the explanations by the National Treasury given the critical role that these projects play in the economy and declined to approve these reallocations except the Ksh. 2 billion from the Naivasha special economic zones for purchase of land.

20) **Mr. Speaker,** there are also someprojects under this sector that appear to have stalled or are taking too long to complete. These include projects such as KIRDI laboratories and completion of building at the Kenya Institute of Business Training (KIBT).

Administration and National Security

21) **Mr. Speaker,** the committee was informed that there are pending bills in various agencies such as the Presidency (Ksh. 73.4 million), State department for Interior (Ksh. 3.679 billion), State Department for correctional services (Ksh. 6.710 billion) and State department for immigration and citizen services (Ksh. 1.4 million).

22) **Mr. Speaker,** the committee also raised a few concerns with regard to the recent reorganization of government. This includes the following: state department for correctional services will be running two programmes which are similar in nature – planning policy coordination and support services on one hand and General Administration, Planning and Support services. Furthermore, concern was raised that the transfer of immigration services to the newly created state department for immigration and citizen services while the other population management services remains in the state department for interior may not lead to better and efficient management. All population management services should be in one state department including registration of persons, registration of births and deaths among others. Also, the donor funded projects that aims at supporting refugees host communities around Dadaab and Kakuma Refugee camps to reduce the impacts of long standing presence of refugees through community driven development should not be under the presidency vote which deals with overall policy issues and coordination. It was felt that the project can be implemented better by the state department for interior which has a fully-fledged directorate on refugee affairs.

Sports, Culture and Tourism

23) **Mr. Speaker,** concern was raised over failure to finalize the various stadia under construction/ renovation. This includes the regional stadia as well as the CHAN stadia which have accumulated pending bills amounting to Ksh. 1.119 billion. The committee expressed the critical need to settle these pending bills and to finalize refurbishment of these stadia so that they become operational.

Labour and Social Welfare

24) **Mr. Speaker,** the Committee observed that the National Youth Service Budget had increased extensively over the past years and this had increased pilferage/ misappropriation of resources. Notably, the National Youth Service has acquired commuter buses under the "Operation OkoaAbiria", though it is not clear whether procedure was followed in the acquisition of the buses and whether the NYS is suitable to engage in commercialization following the recent claims of misappropriation. As a result, the committee recommended a reduction of Ksh. 5.7 billion from the NYS to be allocated to other more critical needs. Furthermore **Mr. Speaker,** the committee recommended that the payment of pending bills under the NYS be put on hold until a proper audit is done to ascertain their propriety.

Agriculture and Livestock

25) **Mr. Speaker,**the committee was informed that the agriculture sector was plagued with challenges, notably the fall armyworm as well as inefficiencies in the distribution of fertilizers. Indeed, according to the ministry of agriculture and irrigation, the fertilizer subsidy program covers only 30 percent of the country's needs.

26) **Mr. Speaker,** the committee noted that underfunding was a major impediment to achievement of key outputs and targets in the sector. It was pointed out thatprojects such as the GalanaKulalu project, the Thwake multipurpose water development project, the aquaculture technology development and innovation transfers project as well as the modernization of Kenya Meat Commissionamong others were taking too long to complete partly due to underfunding. The committee also questioned some allocations such as the Bachuma disease free zones project which has received budgetary allocations in the past but is yet to yield any meaningful outcome.

27) **Mr. Speaker,**I wish to also highlight that this sector has pending bills in form of payments owed to farmers for the maize subsidy programme (Ksh. 3.5 million) and unga millers (Ksh.5.8 billion) as well as pending bills arising from off-take of drought stricken cattle, and from the ongoing modernization of Kenya Meat Commission infrastructure.

Education and Research

28) **Mr. Speaker,**the committee was informed that most of the public universities are not well funded and are struggling to operate. It was reported that the funding crisis is partly due to poor enrolment of students in the module II programmes. The criterion used to allocate funds to universities was also questioned.

29) **Mr. Speaker,** the committee also noted that Mitihani House had been allocated Ksh. 15 million in the 2018/19 budget for completion of the building despite having been allocated Ksh. 300 million in the supplementary budget for 2017/18 which was deemed to be the final budgerary allocation for the project. Mr. Speaker, this project has taken too long to complete yet it continues to demand resources. The committee is of the opinion that this project among other stalled government projects should be carefully examined to determine their viability and prudence in resource use.

30) **Mr. Speaker,** the committee was also informed that the school feeding programme is poorly administered and that many poverty stricken areas had been left out of the programme.I wish to point out that this issue also came up during the public hearings where it was reported that the urban poor had been sidelined fromthe school feeding programmeyet the pupils also go hungry in schools.

Lands

31) **Mr. Speaker,**the committee was informed that the construction and renovation of land registries was greatly hampered by cases of pending bills. The Ministry of Lands and Physical Planning has pending bills amounting to Ksh. 2 billionarising from court and arbitration awards.

32) **Mr. Speaker,** this House also has a role to play in the national and county physical planning by fast tracking the physical planning bill which is pending before parliament. There is need also to prioritize the land value index bill 2018 which will be instrumental in stabilization of land prices in the country. This House should also monitor the ministry of Lands and ensure the national spatial plan is implemented in addition to finalizing the physical planning handbook and guidelines. In addition, the National Land Commission should finalize development of historical land injustices rules and regulations as well as the Traditional/ alternative dispute resolutions (TDR/ADR) in order to address the numerous land succession cases pending in the judicial system.

Transport, Public Works and Housing

33) **Mr. Speaker,** the committee was informed that the Annuity Fund under the State department for infrastructure has accumulated Ksh. 40 billion and that projects that were to be funded through this fund were yet to be properly initiated.The PFM regulations for the Fund as currently enacted do not allow for a charge on this fund for other projects outside the Annuity

Programme (Projects awarded under PPP arrangements) hence the resources have remained in abeyance.

34) **Mr. Speaker,** the committee was also informed that the state department for infrastructure plans to undertaken flood damage interventions on various roads across the country under KeRRA and KeNHA though it was noted that funding was not adequate and some roads which were extensively damaged could miss out on repairs. The idea of setting up an Emergency Fund of Ksh. 18 billion was mooted to repair all damaged roads and bridges across the country that had been destroyed by the rains.

ANNEX 1: MATRIX ON COMPENDIUM OF RECOMMENDATIONS

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Administration and National Security		
	1. In preparing the estimates, the National Treasury is required to present a memorandum on how the resolutions of the BPS have been taken into consideration when preparing the estimates. Indeed the Public Finance Management Act acknowledges that in preparing the estimates, the adopted BPS should be used as a basis for future deliberations on the estimates. It is observed that a number of programmes under the state Department for Interior did not adhere to the BPS as the basis for preparing the estimates. They include Population Management Services and Policing services.	1) The Committee recommends that the House approves a) KShs. 8,782,092,253 for Vote 1011, the Presidency b) KShs. 4,575,268,823 for Vote 1024, State Department for Immigration and Citizen Services c) KShs. 1,219,510,000 for Vote 2071, Public Service Commission d) KShs. 817,002,200 for Vote 2151, Independent Police Oversight Authority KShs. 3,249,328,176 for Public Service Transformation programme under the Ministry of State for Public Service and Youth	The donor funded project that aims at supporting refugees host communities around Dadaab and Kakuma Refugee camps to reduce the impacts of long standing presence of refugees through community driven development should not be under the Presidency vote which deals with overall policy issues and coordination. Instead the project can be implemented better by the State Department for Interior which has full-fledged directorate on Refugee Affairs.
	2. A review of projects under the Presidency reveals that it is implementing a total of 13 projects with an estimated cost of KShs 13. 5 billion. In the 2018/2019, and the medium term, KShs 1.18 billion, KShs1.579 billion and 1.641 billion has been proposed for allocation across the various projects. While the total allocation in the medium term amounts to KShs. 4.4 billion, the total cost against an estimated cost of KShs. 13.5 billion gives a deficit in resource requirement of KShs. 9.1 billion. Similarly the state Department for Interior will be implementing 149 projects in the FY 2018/2019 and the medium term whose estimated cost amounts to KShs. 114 billion with a proposed	2) Reduce the allocation for State Department for Interior vote 1021 by **KShs. 300 million** under the programme Planning, Policy Coordination and Support Services and increase the allocation for a) State Department for Correctional Services Vote 1023 by KShs. 200 million to NACADA to take care of a shortfall in their Operations and Maintenance under Planning, Policy Coordination and Support Services for the State Department for Correctional Services. b) National Police Service	There has been slow implementation of Vision 2030 flagship projects partly attributed to limited funds for capital spending. The flagship projects were the foundation upon which the vision 2030 targets were based on. Therefore the slow pace has hampered the envisaged economic growth and development. The Presidency being in charge of overall policy direction may give direction in the view of limited capital spending by completing the unfinished agenda of MTP II.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	allocation of KShs. 15.6 billion. The allocation will be financed by the GoK at KShs. 15.1 billion and KShs. 429 million through external funding respectively. The resources available for capital spending are limited	Commission Vote 2101, by KShs. 100 million to National Police Service Commission for the sub-programme Human Resource Management under the Programme National Police Service Human Resource Management to enable the Commission set up 8 Counseling units for the Police.	
		3) Reduce the allocation for National Secure Communication and Surveillance System development project under the programme Planning, Policy Coordination and Support services by **KShs. 600 million** and re-allocate a) KShs. 570 million towards construction of sub-county Headquarters under the same sub-programme. b) KShs. 30 million towards the construction of Police Housing under Policing Services Programme. 4) Reduce the allocation for the programme Planning, Policy Coordination and Support Services by **KShs. 300 million** and re-allocate a) KShs. 200 million to the Office of the Deputy Inspector General, Kenya Police for Security Operations under sub –programme Kenya Police	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
		Services, Policing Services Programme. b) KShs. 100 million to the sub – programme Criminal Investigation Services, Policing Services Programme. 5) Provide **KShs. 20 million** towards compensation of owners of plots taken over by the Government to build Government Offices at the Embu North District Headquarters by reducing recurrent for OOP Headquarters, Planning, Policy Coordination and Support Services Programme	
2.	**Education and Research**		
	State Department for Early Learning and Basic Education The School feeding programme which is aimed at retaining learners in primary schools in ASAL and pockets of poverty is not being administered in an effective manner to produce the intended outcomes. One of the reasons attributed to this is the criteria used by the Ministry which leaves out various pockets of poverty across the country. The Committee recommends that the Ministry reviews the school feeding policy to allow mapping out the whole country to bring on board deserving areas which need this programme including slum areas. The Ministry has begun capturing of the Learners	**a. Increases** National Council for Nomadic Education (NACONEK) Ksh 100 million recurrent **Reduction** i. School feeding programme Ksh 200 million ii. Secondary school infrastructure Ksh 560 million iii. A 25% reduction in non-core spending (domestic travel, foreign travel and hospitality services) under all votes in the sector under the recurrent budget ,State department for Early Learning and Basic Education Ksh93,405,548	i.The Ministry should review the school feeding policy to allow mapping out the whole country to bring on board deserving areas which need the programme including slum areas. This would ensure that the School Feeding Programme pockets of poverty across the country. In future and upon successful roll out of the Education Management Information System (EMIS), the data captured should guide resource allocation through capitation to various schools to allow effective use of the resources provided for free primary and secondary education. The Ministry had begun capturing of the Learners details at the various levels of Education through EMIS To allow for uniformity in terms of

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	details at the various levels of Education through the Education Management Information System (EMIS). The Committee recommends that in future and upon successful rollout of EMIS, the data captured should guide resource allocation through capitation to various schools to allow effective use of the resources provided for free primary and secondary education. The Committee observed that resources have been provided towards infrastructure improvement in both primary and secondary schools. The Committee recommends that to allow for uniformity in terms of infrastructural works which are undertaken in these institutions, the Ministry should develop a standard norm of various amenities within schools which will ultimately guide resource use and allocation The Committee observes that the Ministry through donor support intends to construct ECDE model centres across the 47 counties aimed at establishing standard norms to guide county governments on an ideal ECDE centre as part of policy formulation. The Committee instructed the Ministry to ensure the get a buy in/commitment from the county governments to ensure smooth implementation of this project		infrastructural works which are undertaken in both the primary and secondary institutions, the Ministry should develop a standard norm of various amenities within the schools which will ultimately guide resource use. The Ministry of Education should ensure itgetsa buy in from the county governments to ensure smooth implementation of the ECDE model project. The Ministry through donor support intends to construct ECDE model centres across the 47 counties aimed at establishing standard norms to guide county governments on an ideal ECDE centre as part of policy formulation.
	State Department for Technical and Vocational Education and Training . That the first phase to construct 60 TTI's has	**a. Increases** Technical and Vocational Education and Training Authority (TVETA) Ksh 100 million recurrent	The Ministry of Education and the CDF management should coordinate to ensure that the 60 TTI projects are fully completed and ensure this heavy government investment is put into good use especially within the framework

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	been completed and the second phase is well on course. However, the Committee observed that a few of the TTI's under phase 1 are not 100% complete due to challenges between the Ministry and the CDF. The Committee recommends that the Ministry and the CDF management coordinate to ensure that these projects are fully completed and ensure the heavy government investment is put into good use especially with the big 4 agenda of development. That The Committee observed that TVETA which is the agency tasked with quality control in Technical Training Institutes is not fully operational. As the number of TTIs increase in the country this agency needs to be fully operational to ensure that the various TTI's are inspected for quality control. The Committee observed that a conditional grant of Ksh. 2 Billion has been allocated to counties to support village polytechnics. This is the second financial year this grant has been allocated. The Committee has not felt its impact. The State Department has not submitted any status report on the same. The Committee recommends that since this is National government resources, it should be involved in its oversight to ensure that this allocation is well spent.	**Reduction** A 25% reduction in non-core spending (domestic travel, foreign travel and hospitality services) under all votes in the sector under the re-current budget ,State Department for Technical and Vocational Education Ksh 14,937,964	of the big 4 agenda of development. As the number of TTIs increase in the country TVETA needs to be fully operational to ensure that the various TTI's are inspected for quality control. TVETA which is the agency tasked with quality control in Technical Training Institutes is not fully operational Committee needs to be involved in the oversight of the Ksh. 2 billion grant allocated to the counties to support village polytechnics through theState Department. This is the second financial year this grant has been allocated.
	. State Department for Research and University Education That most of the public Universities are not well funded and are struggling to stay operational. This is compounded by the criteria used to allocate resources as well as the abrupt reduction in	**a. Increases** i. Rongo University college for construction of Library Ksh 50 million. ii. University of Nairobi Ksh 500 million recurrent, iii. Moi University Ksh 100 million recurrent iv. Jomo Kenyatta Ksh 100 million recurrent,	The Ministry of Education should undertake a review of the funding criteria to ensure that Universities remain operational. Most of the public Universities are not well funded and are struggling to stay operational. This is compounded by the criteria used to allocate resources as well as the abrupt reduction in

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	resources as a result of poor enrolment of students in the module II programmes. The Committee recommends a review of the funding criteria to ensure that Universities remain operational. . The Committee also observes that the Country needs a wider consultation on whether the many public universities are required in view of the constrained resources. The Committee recommends a review of the Universities Act which envisages establishment of a university in every county and open discussion on the ideal number of Universities required in the Country That Commission for University Education (CUE) and the National Council for Science, Technology and Innovation (NACOSTI) are involved in various income (AIA) generating activities whereas their local revenues are not captured in the Budget Estimates. The Committee made a decision to cut the budget for these two entities	v. Muranga University Ksh 5.4 million recurrent. vi. Muranga University Ksh 100 million for construction of hostel block phase I **b. Reduction** i. A 25% reduction in non-core spending (domestic travel, foreign travel and hospitality services) under all votes in the sector under the re-current budget ,State Department for Research and University Education Ksh 26,310,707 . Egerton university construction of library -Kshs 50 million iii. NACOSTI Ksh 100 million –development iv. Muranga university Kshs 100 million for construction of science complex. v. Commission for University Education Kshs 30 million	resources as a result of poor enrolment of students in the module II programmes. The Ministry of Education should review the Universities Act which envisages a university in every county and open discussion on the ideal number of universities required in the Country. Wide consultations should be carried out on whether the many public universities are required in view of the constrained resources. The Commission for University Education and National Commission for Science, Technology and Innovation should declare the revenue they collect
	State Department for Post Training and Skills Development That this is a new State Department which has been created aimed at supporting the big 4 agenda by linking graduates to relevant practical skills through attachments, internships and apprenticeship. The Committee noted that this is a noble initiative. However, the new State Department needs to be clearly defined in terms of its core mandate to avoid any duplication of functions.	A 25% reduction in non-core spending (domestic Travel, foreign travel and hospitality services) under all votes in the sector under the recurrent budget ,State department for post training and skills development Ksh 2,125,000	The Government needs to fully and clearly define the new State Department for Post Training and Skills Development in terms of its core mandate to avoid any duplication of functions

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Teachers Service Commission The Ministry of education should set out targets on the teachers to be recruited in government planning documents to guide resource allocation. TSC has not been allocated resources to employ teachers in the next FY despite the fact that the PBB budget has set various targets for teacher recruitment in 2018/19. The allocated resources to TSC are meant for compensation of existing teachers in the service and the normal yearly salary increments.	**a. Increment** Leasing of vehicles by TSC Ksh 200 million recurrent **b. Reduction** A 25% reduction in non-core spending (domestic travel, foreign travel and hospitality services) under all votes in the sector under the re-current budget ,Teachers Service Commission Ksh 78,646,578 **a. Request for additional allocation** The Committee recommends that the Budget and Appropriations Committee considers allocating the Teachers Service Commission (TSC) resources to recruit approximately 21,626 teachers in 2018/19 financial year as captured in the Program Based Budget (PBB) for 2018/19.	The Ministry of Education should set out targets on the teachers to be recruited in government planning documents to guide resource allocation.TSC has not been allocated resources to employ teachers in the next financial year despite the fact that the PBB budget has set various targets for teacher recruitment in 2018/19. The resources allocated to TSC are meant to cater for compensation of existing teachers in the service and the normal yearly salary increments.
3.	**Energy**		
	(i) The budget for the State Department has been reducing from Ksh. 111.426 billion in 2016/17 to Ksh. 77.103 billion in 2017/18 revised estimates and further to the proposed Kshs.62.075 billion for the Financial Year 2018/19. This is despite Energy being a critical enabler of the big four agenda. (ii) At least 57% of the total development budget in the State department is funded by our development partners, this may compromise on the funds absorption rates whenever it fails to provide or reduce the GoK counterpart funding. (iii) The State Department of Energy is grappling with	i.The reduction in the budgetary allocation for the State Department of Energy affects completion of critical projects aimed at achieving a 100% access to affordable energy by 2022 as envisioned in the Policy Documents like the Budget Policy Statement and the Medium Term Plan III of the vision 2030. The Committee recommends that going forward, the budgetary allocation for State department be reinstated to its earlier allocations of the financial year 2017/2018 of Ksh. 77. 103 billion or to the approved BPS ceiling of Ksh. 73.115 billion ii. Priority funds be provided to clear the pending bills and completion of ongoing projects under	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	an accumulated pending bills totaling to Ksh.22.459 billion shared among the following state agencies under it; - Kenya Power and Lighting Company Ksh 13.478 Billion - . Kenya National Electricity Transmission Company Ksh 3.930 billion - Geothermal Development Corporation Ksh 4.913 Billion - Kenya Nuclear Electricity Board Ksh 148 million. (iv) The Installation of Transformers in Constituencies had its allocations and actual expenditures including Commitments more than the initial estimated cost of Ksh. 7.1 billion by Ksh 1 billion excluding the proposed Ksh. 1 billion for the financial Year 2018/19. (iv)The critical projects like last mile connectivity, connectivity subsidy, Street lighting and connection of Public Facilities are grossly underfunded due to rationalization of funds in order to provide for big four projects (vi) The Committee observed that the delay by the national government in providing funds for improving transmission grid lines has led to; - High cost of power due to the use of the expensive Uganda Electricity Transmission Company Limited (UETCL) power and the use of Muhoroni diesel generator in Western Kenya. - Unreliable power due to lack of sufficient	respective State Corporations. iii. To increase the absorption of donor funds which constitutes 57% of the development budget in the State department, the National Treasury should provide the requisite counterpart funding from Government of Kenya. iv. The status of ongoing projects be updated by the spending agencies before the start of preparation of annual estimates including variations in total estimated costs before the expected date of completion **Request for additional allocation** v. The National Treasury to prioritize the critical projects subject to availability of funds by providing the following additional allocations in the 2018/19 Budget: - The last mile Connectivity 1.0Billion - Connectivity Subsidy 1.5Billion - Electrification of Public facilities 1Billion - Installation of transformers in constituencies 1Billion - Street lighting 1.0.Billion vi. The Committee recommends that allocations for the State department of Energy be reviewed upwards to the level of the BPS 2018 Ceilings as was approved by the National Assembly for the purpose of Way-leave funding for the 13 ongoing transmission projects .	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	transmission projects - High cost over runs due to delays in progressing with transmission projects. This results in costly projects. - Donor unrest due to project delays (AfDB are reconsidering funding the Kenya – Tanzania line due to project delays) (vii) There are 13 ongoing projects which require Ksh 13.457 Billion for way-leave cost but however the allocation is Ksh 1.754 Billion. The Committee noted that these 13 projects require an allocation of Ksh 5.545 Billion as the minimum funding for the project to progress failure to which the projects will attract other expenses and arbitration charges.		
	State Department for Petroleum		
	(i) Despite the government push to reduce the dependence on Kerosene by public owing to its role in contributing to fuel adulteration and respiratory ailments the government has not provided resources in the 2018/19 estimates to fund the distribution of LPG gas cylinders (Mwananchi gas project) which would also help in addressing deforestation. (ii) The Fuel Marking project which entails testing and marking of fuel in order to fight adulteration of fuel in the Market is grossly underfunded. This is expected to negatively impact the fuel export business and will encourage importers of fuel products to use alternative ports e.g. Dare Salam. (iii) Kenya is quickly losing its reputation as a preferred transport corridor for fuel on transit owing to the unnecessary delays on our roads as	**Request for additional funds** i.Subject to availability of resources, Kshs. 3 billion be provided for Mwananchi LPG gas Cylinders project to fund the distribution of LPG gas cylinders in order to reduce the country's dependence on kerosene. ii) Kshs.183 million be provided for fuel marking projects to address adulteration and dumping of export fuel in to the local market.	The Ministries of Transport and the Ministry Interior and coordination of national government should come up a mechanism on how to standardize axle weights and reduce number of road blocks with a view to promote fuel product export business and make Kenyan petroleum products competitive in the regional Market

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	result of high number of police road block in the Kenyan as compared to our neighboring countries like Tanzanian and Uganda.		
4.	**Health**		
	Ministry of Health		
	OBSERVATIONS i. That Ksh5.2 Billion has been allocated for Rural Health Centres and Dispensaries. The Committee was informed that this is a conditional allocation is for Level five hospitals of Kshs 4.3 Billion which was previously disbursed by the National Treasury but now has been shifted to the Ministry of Health and Ksh 900 million for User fee foregone which is also a conditional grant to the county governments provided under the Division of Revenue Act,2018. ii.The Committee observed that the Ministry has a foreign borrowing of Ksh 7 billion for purchase of 37 CT scans. The Committee was informed that the total cost of the project is not only for purchase of the CT scans rather it has components as such as Construction of building where the machines will be placed, Air conditioning all of rooms ,Generator 120KV for 64 slice and 150KV for 128 slice, Uninterrupted power supply(UPS) unit 120KVA,Furniture for all the rooms, Special Thermal film printer, Injector, Standard Report printer, Warranty and spare parts for 5 years, Service for 5 years, Factory training for 37 Radiologists/ Radiographers, More than 800 users Refresher training for 5 years and Government Taxes. The Committee was also informed that the CT scans were not part of the Leasing of Medical equipment and that the approximate unit cost of one CT scan is Kshs 40 Million. iii.The Committee observed that ministry intends	**Re-Allocations** The Committee observed that the slum upgrading project is part of an active EACC investigation. The Committee notes that the Ministry intends to utilize Ksh 200 Million to pay the pending bill owed to the contractor involved in the purchase of the portable clinics despite the fact that Ministry in its submission indicated that the EACC stopped further payments to the contractor until investigations are completed. The Committee recommends that the **Ksh 320 Million** allocated to this project be reallocated to **rehabilitation and improvement of infrastructure** across all the Kenya Medical Training Colleges (KMTC's) across the country.	**Policy Recommendations** . The Committee is also concerned that most of the conditional grants relating to health function going to county governments take time to reach the intended health facilities since the funds must first pass through the County Revenue Fund and get entangled in the bureaucratic system within the county. The Committee recommends a review of relevant public finance laws to allow the possibility of ensuring that these allocations are disbursed directly to health facilities for first service delivery while at the same time putting in place accountability systems to ensure that these allocations are spent well. ii.) The Committee is concerned that the portable clinics are lying unutilized due to lack of support from some of the identified counties meant to benefit from this project. The Committee further noted that there are other counties which have expressed interest to uptake this project. The Committee recommends that the Ministry reviews the selection criteria for allocating these clinics such that it is demand driven where counties which have expressed interest are allocated the portable clinics at their cost. This will also lessen the burden of the Ministry in terms requesting resources for operational costs relating management of the clinics.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	to increase the coverage of Leasing of the medical equipments from 98 Hospitals to 119 Hospitals with an allocation of Ksh 9.4 Billion. The Ministry submitted that out of the Kshs 9.4 Billion; Kshs 6.1 billion is meant for the quarterly payments of the initialfive contracts for the 98 hospitals,Kshs 1 billion is for health care information technology which is a two year contact, Ksh 2.3 billion is for the additional 21 hospitals which have been incorporated into the programme. iv.The Committee observed that the slum upgrading project aimed at improving health facilities in slum areas has not taken off despite resources being spent on it and that the procured portable clinics are unutilized. The Committee was informed that the Ministry budget for this project has always be hampered by lack of exchequer release as well as lack of buy in some of the targeted counties. v.The Committee noted that the Ministry intendsto utilize Kshs 200 million to pay the contractor the balance of the contracted sum amounting to Kshs.200 million. However, from the Ministry submissions, the EACC stopped further payment of the contract until investigations are concluded. The Committee also observed that the portable clinics which fall under level 2 health facility category are a devolved function. vi. The Committee observed that the Ministry of Health allocation has been enhanced to cater for piloting of the Universal Health to Counties. The Ministry submitted the identified counties are Nyeri (due to prevalence of non-communicable diseases), Kisumu (due to		iii.) The Committee noted that the performance in terms of collection of AIA among the various SAGAs in the sector has improved. However, the Committee is still concerned that some agencies are not declaring their local revenues, for instance, Mathari Referral Hospital. The Ministry needs to ensure that the collection and application of AIA by all Agencies is reported to the National Treasury and the Controller of Budget as required to ensure that this resources are utilized well. iv.) The Committee is concerned that some of the key budgetary allocations in the Ministry of Health are conditional grants to county governments. This include Leasing of medical equipments, allocation to level 5 hospitals whose allocation are ring fenced under the Division of Revenue Act. Also, the project of providing CT Scans to various hospitals was availed before the Committee after signing of the financing between the Government of Kenya and that of China. Considering that the allocations are significant, the Committee recommends that going forward, the Committee be incorporated in the scrutiny of Division of Revenue Bill if there are proposals in the bill to give conditional grants relating to Health to County governments

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	prevalence of communicable diseases), Machakos (due to the highway hence prone to accidents) and Isiolo (ASAL region). The intention of the piloting to ascertain the feasibility of the UHC before being rolled out in the entire country. The Ministry submitted that the obligation of the selected county governments is to ensure that Human Resources are available and Health facilities are improved including having medical products. vii.The Committee observes that the pilot programme is one dimensional and fails to appreciate the multi- faceted nature of UHC hence the need to review it. It allocates funds to NHIF without commensurate capacity built for health personnel, access, medicine among other factors. Moreover, it has not been explained how NHIF intends to scale up 100% coverage in these counties. viii.The Ministry submitted that the enhanced allocation for recruitment of doctors relates to the partnership between Kenya and Cuba where 110 specialist doctors from Cuba will work in Kenya. The programme also involves an exchange program where Kenyan doctors will be trained in Cuba as well as malaria control in malaria prone regions. The Committee also notes that part of the allocation is for training of Kenyan doctors. However, inspite of potential benefits of skills transfer, the Ministry should consider hiring unemployed local specialists.		
5.	**Justice and Legal Affairs**		
	Office of the Attorney General and Department of Justice	**a. Proposed reallocation** i.The Attorney General's office beallocatedKshs20 million for the purchase of 200 computers to	I. **Policy recommendations**

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	i) The Committee observed that the office resource requirement for the FY 2018/19 stood at Kshs 11.5 billion composed of Kshs 6.9 billion for recurrent expenditure and Kshs 4.7 billion for development expenditure. However the office was allocated Kshs 5.6 billion comprised of Kshs 4.0 billion for recurrent expenditure and Kshs 1.6 billion for development expenditure resulting in a shortfall of Ksh 5.9 billion. ii) The Committee further observed that the limited budgetary allocation to the sector has affected the critical operations of the office. In particular, the upgrading of the Public Trustee Business Process ManagementSystem– Kshs100million,purchaseof 200 computers to replace 50% of the current stock which has become obsolete – Kshs 20 million, settling of legal dues, fees, arbitration and compensation payments – Kshs 550 million and provision of legal service and advice on government transactions, contracts, Treaties and Agreements – Kshs 250million. iii) The Committee has also observed thereis allocation of Kshs 1 billion to the Attorney General's office for the National Justice for Restorative Fund to implement the recommendations of the TJRC Report. However, the Attorney General's office has informed the Members that there is need for a coordinated approach in the implementation of the fund and more importantly, there is need for a structure to be put in place for the smooth implementation of the objectives of the fund. iv) The Committee observed that the Kenya Law Reform Commission is allocated Kshs 294	replace 50% of the current stock which has become obsolete .ii) The Kenya Law Reform Commission should be allocated **Kshs 34 million** for capacity building on legislative drafting and review for the Counties– Kshs12million,purchaseofmotorvehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million. **b.Proposed reduction** The Attorney General's Office allocation of **Ksh 1 billion** for the National Justice for Restorative Fund be reduced by **Ksh 500 million**. The Committee's decision is informed by the lack of necessary structure andenablinglegislationsforthesmooth implementation of the fund. The remaining **Ksh 500 million** in the fund can be utilized to set up the necessary structures and legislations in place. The funds realized will be reallocated to the following Agencies under thesector;	a) As a matter of priority the government should consider setting up a fund for settling court awards against the government. In this regard, the Committee recommends the setting up of a seed fund for the Attorney General Office. b) In addition, the Committee further recommends that in setting up the fund, the Budget Appropriation Committee should consider effecting budgetary cuts against state agencies that lost cases and have claims to settle in order to raise funds for the Kitty subject to their contribution to the awards against the government. c) The Committee further recommends the freezing of newprojects by the judiciary particularly the construction of new courts before the completion of the old projects that are ongoing. d) The Committee objects to the idea of setting up a prosecution institute for the office and urges the office to develop a curriculum and partner with the Kenya School of Government for the training of itsstaff.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	million against a resource requirement of Kshs 335.1 million. It was noted that the allocation to the commission is significantly lower than its FY 2017/18 allocation of Kshs 330.7 million.The budget deficit will affect the office ability to undertake county engagements including capacity building on legislative drafting and review – Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legalteam – Kshs 10 million. v) TheCommitteefurtherobservedthattherear e suits against the government with financial risks to the tune of Kshs 769.9 billion. In addition, the awards against the government pending payment stand atKshs 115.7 billion and they are ranging from awards to victims of torture as well as business litigants against the state. vi) It has further been observed by the Committee that the Attorney General's Office litigates on behalfof the state agencies however when the court awards claims against those agencies, they don't promptly settletheclaimsbutabandontheclaimswiththe Attorney General office.		
	Judiciary and Judicial Service Commission		
	a) The total resource requirements of the Judiciary for the FY 2018/19 amounted to Kshs.31.2 Billion composed of Kshs 19.8Billion for recurrent expenditure and Kshs. 11.4 Billion for Development/ Capital Expenditure. However, the Judiciary was allocated Kshs. 17.3 Billion composed of Kshs 13.3 billion for recurrent expenditure and Kshs 4.1 billion for development	Reductions The Judicial service commission allocation be reduced by Ksh 100 million. The committees decision is informed by the lack of adequate justification by the commission for the significant increase in its budget from Ksh 284 million in FY 2017/18 to 464 million	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	expenditure. b) Case clearance: The Committee was concerned about the high case backlog but noted the initiatives the Judiciary had introduced to ensure timely completion ofcourt cases through enhanced monitoring and evaluations such as daily court returns and the introduction of performance management system for the judicial officers and also enhancing the jurisdiction of the magistrate courts on environment and landcases. c) The Committee also observed the need for the Judiciary to regulate and ensure there is a mechanism in place for regulation of small claims incourts. d) The Committee observed the need for the Judiciary to ensure there is regional balance in its recruitment of staff without necessarily compromising on the quality. e) The Committee further observed that theJudiciary was in the processes of constructing various courts so as extend functional High Courts to all the 47 counties. However, the Committee was concerned about the delayed completion of the ongoing projects and has advised the Judiciary to avoid taking up of new projects while ongoing projects are yet to be completed. f) The Committee has also observed that critical areas of the Judiciary remain underfunded in FY 2018/19 budget. In particular, Purchase of furniture and Fittings for Court stations including shelving for safety of court documents (Kshs 230 million), Automation of Revenue Collection, Deposit management, and Digitization of Court records including a case	in FY 2018/19.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	management system through an ERP (Kshs 300 million), setting of penalties and interests arising from delayed payments in ongoing court construction across the country (Kshs 40 million), Acquisition of Postbank Training Institute for the Judicial Training Institute (Kshs 500 million), and acquisition of 50 Motor Vehicles for Court Stations andPoolTransportatKshs.7Millioneach(Kshs350 million). g) TheJudicialServiceCommissionwasallocated Kshs 464 million in the FY 2018/19 against a resource requirement of Kshs 891 million resulting in a budgetary shortfall of Kshs 427 million. h) The Committee further observed that the commission's budgetary shortfall will affect the following areas; automation of commission's key operations (recruitment, complaints, and discipline management system) – Kshs 100 million, Judges and Judicial officers colloquia - Kshs 90 million, development of policy, research and impactassessment of judicial education programs – Kshs 20 million.		
	Registrar of Political Parties		
	a) TheOfficehadrequestedKshs.3,452.66Billion out of which Kshs. 682.66 million was to cater for ORPP operations and Kshs. 2.77 Billion was to go towards the Political Parties Fund. The Kshs. 2.77 Billion was 0.3% of the projected national revenue for FY2017/18. However, due to budgetary limitation, the office has been allocated Kshs. 822.2 million out of which 451.0 million is for recurrent expenditure and Kshs.	**Proposed Increase** The Committee recommends an additional allocation of **Kshs 2.4 billion** for the political parties fund in compliance with the provisions of section 24 ofthe Registrar of Political Parties Act and in compliance with the ruling of Justice Aburili issued on 2nd January 2018.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	371.2 million is for the Political Parties Fund. b) Further the Committee has observed that the allocation to the Political Parties Fund of Kshs 371.2 million is not in compliance with section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of the section 24 of the Act. The gov't has appealed against theruling and the case is currently at the Court of Appeal. c) The Committee has also observed the office has60 staff in-post against an authorized establishment of 209. However, the office has been allocated an additional Kshs 13.7 million in FY 2018/19 to cater for operations in the county offices and increase in members of staff.		
	Independent Electoral and Boundaries Commission		
	TheCommissionresourcerequirementforFY 2018/19 is estimated to be Kshs 8.11 billion against an allocation of Kshs 4.233 billion ceiling resulting in a deficit of Kshs. 3.9 billion for the next FY. The deficit will affect the following; Pending legal fees - Kshs. 1 billion, the Proposed Uchaguzi Centre - Kshs. 1 billion, and ICT licenses and Equipment for existing electoral technologies - Kshs. 324million. b) TheCommitteefurtherobservedthatthereisan allocation of Kshs 324 million for the boundary delimitation process and urged the Commission to carry out comprehensive stakeholder engagement during the delimitationprocess. c) TheCommitteestressedtheneedforthe consolidation of service agreements for the Commission's ICT infrastructure. The Committee urged the Commission to provide the timelines within which the ICT licenses are due.	The Committee recommends an allocationof Kshs 75 million for the Independent Electoral and Boundaries Commission for the renewal of ICT licenses and fulfilling maintenance agreement of its existing electoral technologies equipment	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	d) The Committee observed that the Commission was allocated Kshs 43 million for construction of warehouses in Garissa, Wajir, isiolo, Kakamega and Machakos e) The Committee also observed the needfor standardization in the legal fees charged by the law firms and confining their charges within a certain range when engaged by the Commission. In addition, the Committee urged the Commission to engage the Judiciary when dealing with difficultlawyers. f) The Committee observed the need forthe Commission to engage experienced lawyers particularly for election related petitions since thecost of undertaking a by-election is much higher. g) The Committee further observed the need forthe Commission to recover costs from parties that have lost their cases against the Commission to offset costs incurred by the Commission duringlitigation		
	Office of the Director of Public Prosecution		
	a) The total budgetary allocation to the office for the forthcoming F/Y 2018/19 is Ksh. 2.45 billion against a resource requirement of Ksh. 3.566 Billion hence a resource short fall of Ksh 1.12 Billion. The allocation consists of Recurrent expenditure Ksh. 2.3 Billion; and Development expenditure of Ksh. 140 Million. b) The Committee further observed that thebudgetary shortfall will affect projects such as; Purchase of Stand-alone Building (2 billion), establishment of a Prosecutor Training Institute (Kshs 15	**Increase** The Committee recommends an allocation of **Kshs 191 million** to Office of Director of Public Prosecution to implement a new salary structure in two phases as approved by Salaries Remuneration Commission on 1st of July 2017. The committee further recommends an additional allocation of **Kshs 149 million** to the office of Director of Public Prosecution for setting up a Special Fund for the war against Corruption, Organized crime and Terrorism.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	million), implementation of ODPP new salary structure(Kshs 191 million), Retirement Benefits Scheme for staff (Kshs 84 million) and Special Fund for the war against Corruption, Organized crime and Terrorism - (Kshs 200M). c) However, the Committee was concerned about the acquisition of training institutes by all agencies might not be practical and therefore the option of setting up one training center should be explored for all the agencies under the justice sector.		
	viEthics and Anti-Corruption Commission	**Proposed additions**	
	a) The Commission's budgetary allocation in theFY 2018/19 amounts to Kshs 2.9 billion comprised of Kshs 2.8 billion for recurrent expenditure and Kshs 0.1 billion for development expenditure. The Commission budgetary requirement stands at Kshs 4.9 billion resulting in a budgetary deficit of Kshs 2billion. b) The Committee observed that the Commission was allocated Kshs 64 million as confidential expenditure for undercover operations andsurveillance of corruption related activities. c) The Committee observed that there was need for the Commission to create public awareness and scale up its activities particularly on asset recovery in order for it to serve as a deterrent measure against anyone who intends to loot the public coffers. d) The Committee observed that the Commissionhas a budgetary shortfall of Kshs 25 million in the purchase of EACC headquarters and the transaction is set to be concluded in July,2018.	The Committee recommends the approval of an additional allocation of **Kshs 25 million** to the Ethics and Anti-Corruption Commission's budget for FY 2018/19 to enable the Commission conclude the acquisition of EACC headquarters which is set to be concluded in July, 2018.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	e) TheCommitteeobservedtheneedforagencies such as the Asset Recovery Agency and the Anti-Corruption Steering Committee that are currently under the Attorney General Office to be housed under the EACC so that the fight against corruption can be coordinated from a centralpoint. f) The Commission has been allocated Kshs100 million for the refurbishment and extension of the Integrity Centre against a resource requirement of Kshs 1.2 billion resulting in a development funding shortfall of Kshs 1.1billion. g) The Committee also observed that the Commission needs an additional funding of Kshs 674 million for automation of processes and Kshs 300.8 million for the recruitment of an additional investigators and legal officers (104) to expand its operation to other regions.		
	viiCommission for Administrative Justice		
	a) The Commission has been allocated Kshs 484.4 million against a resource requirement of Kshs 503 million resulting in a shortfall of Kshs 18.6 million. b) The Committee observed that the Commissionhas an approved staff establishment of 336 against a current in-post of 72 members of staff. The acute shortage of staff is hampering the ability of the commission to effectively deliver on itsmandate. c) The Committee observed that theCommission's budgetary fall will affect the following critical areas; Recruitment of additional ten (10) staff -	The Committee recommends an additional allocation of **Kshs 30 million**to the Commission for Administrative Justice budget for the recruitment of additional ten (10) staff in the FY 2018/19.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Kshs 30 million, outreach services – Kshs 5 million and purchase of ICT equipment, software and accessories – Kshs 6 million. d) The Committee stressed the need for the Commission to focus on its mandate particularlyin ensuring the citizen right to quality service both at the National and County level of government isnot compromised.		
	viii. Kenya National Commission On Human Rights	**Increase**	
	a) The Commission has been allocated Kshs. 392 million in FY 2018/19 against a resource requirement of Kshs 600 million by the National Treasury. There is a decrease of Kshs 6 million in the FY 2018/19 budget allocation of Kshs 392 million compared to the FY 2017/18 allocation of Kshs 398 million. b) The Committee further observed thatthe Commission has a budgetary shortfall of Kshs 208 million for critical areas such as purchase of three (3) field vehicles – Kshs 27 million, Expansion (New Regional Offices – Kshs 60 million), Recruitment of Staff – Kshs 30 million, and carrying out Public Inquiries into Systemic Human Rights Violations, Reforms and Accountability – Kshs 76.5 million. c) The Committee has further observed that the Commission has a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the supplementary estimate I. d) TheCommitteeobservedthattheCommission's budget on domestic travel has been reduced by	i) The Committee recommends the approval of an additional allocation of **Kshs 30.6 million** to the Kenya National Human Right Commission's budget in FY 2018/19 for the acquisition of three (3) field vehicles (Kshs 27 million) and for settling of a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the Supplementary Estimate II.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	20% and its foreign travel budget has been reduced by 75%. This has led to a shortfall of Kshs 14 million in its budget for domestic and foreign travel thereby limiting the Commission's ability to undertake its international obligations.		
	vix Witness Protection Agency	**Increase**	
	a) The Committee observed the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses. b) The Agency was allocated Kshs 437.7million against a budgetary requirement of Kshs 548.6 million hence a budgetary deficit of Kshs 110.9 million. c) The Committee observed that the Agency requires additional funding in order to decentralize its activities to Rift valley, and Central/Eastern region at a cost of Kshs 100 million. d) TheCommitteefurtherobservedthattheAgency has an approved staff establishment of 296 against an in-post of 65 staffs currently; therefore the Agency needs an extra 39 staff in order to support the current, envisaged decentralization and enhance existing human resource gaps both in operations and corporate affairs. The Agency will require an additional Kshs 100 million to recruit the additionalstaff. e) The Committee also observed that the Agencywas allocated Kshs 9 million staff mortgage and car loan schemes. However, it requires Kshs 50	The Committee recommends an additional allocation of Kshs 45.4 million to the Witness Protection Agency's budget for FY 2018/19. The funds will be utilized for the recruitment of an additional staff to support the Agency's current and envisaged decentralization and enhance its existing human resource gaps both in operations and corporate affairs.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	million to fully operationalize the scheme.		
6.	**LABOUR AND SOCIAL WELAFARE**		
	LABOUR AND SOCIAL WELFARE	**Increases**	
	i. State Department for Labour	a) **Ksh. 20 million** under the General Administration Planning and support services Programme to support the setting up of the newly created office for the Chief Administrative Secretary.	**1.** That, as per International best practice and as per the ILO tenets of tripartism, skills' training is domiciled in the Ministry of Labour due to its close working relation with industry. The committee therefore recommends that the National Industrial Training Authority be retained under the State Department for Labour
	1. Despite the state department for labour playing a critical role in the country's development, it has not been accorded due budgetary consideration to enhance its responsiveness, efficiency and effectiveness in addressing emerging issues and challenges facing the labour sector which also has an impact on all the other sectors of the economy	b) **Ksh. 10 million** under the promotion of best labour practice Programme to hold statutory tripartite meetings with social partners to deliberate on labour issues which will help in alleviating industrial unrest witnessed in both the public and private sectors of the economy.	**2.** The State Department needs to be accorded enhanced budgetary support required in order for it to carry out its mandate as a fully-fledged State Department.
	2. The committee noted that the Budgetary Allocation under National Industrial Training Authority for 2018/19 FY has been transferred to the newly formed state department for Post training and Skill Development. It is important to note that NITA is mandated by the Industrial Training Act Cap 237; to ensure adequate supply of properly trained manpower in the industry. Its parent Ministry is Labour and Social Protection which is responsible for National Human Resource Planning and Development as well as industrial training.	c) **Kshs. 25 million** under the promotion of best labour practice Programme to enhance the budgetary allocation for tripartite delegations to the International Labour Organization.	**3.** The State Department has a severe shortage of staff in general with the Office of the Registrar of Trade Unions having only one technical officer.
	3. With the creation of the Chief	d) **Kshs. 35 million** under the Promotion of the	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Administrative Secretary's Office, a need has arisen for refurbishment and purchase of furniture for the office. The State Department therefore requires **Kshs 20 Million** for this purpose.	Best Labour Practice Programme to conclude and sign bilateral Labour Agreement with Kuwait, Bahrain, Oman and Jordan in which Kenya is expected to benefit from over 50,000 jobs for the youth.	
	4. The State Department requires to hold tripartite meetings which are statutory in nature with Social Partners to deliberate on complex labour issues. This will also assist in alleviating industrial unrest which has been witnessed in both the Public and Private Sectors of the Economy. To hold these meetings the State Department requires **Kshs. 10 Million** in the 2018/19 FY	e) **Kshs. 10. million** under the General Administration Planning and support services Programme towards the payment of pending bills to avoid any legal cost that may arise from the non-payment of the bills.	
	5. The State Department is expected to cater for tripartite delegations to ILO – Geneva for Social Partners namely Government of Kenya, Central Organization of Trade Unions and Federation of Kenya Employers. Due to low representation in the past, the Country has lost opportunities for support in critical areas such as Export Processing Zone amongst others. Further, despite being a regional economic hub, Kenya is not represented in the Governing Body of the ILO. In the 2018/19 FY, the State Department requires an additional **Kshs. 25 Million** to cater for these delegations		
	6. As a move towards ensuring protection of the fundamental rights of Kenyan workers the Country requires to sign Bilateral Labour Agreements with key labour destinations in the Middle East. The State Department has so far signed three such agreements with Governments of Qatar, Saudi Arabia and United Arab Emirates. In addition, arrangements are underway to conclude and sign similar		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	agreements with Kuwait, Bahrain, Oman and Jordan. Kenya is expected to benefit from over 50,000 jobs for youth in the 2018/19 FY in these countries. To conclude the negotiations, sign and operationalize these agreements the State Department requires **Kshs. 30 Million** in the 2018/19 FY.		
	7. The State Department for Labour has pending bills of **Kshs. 10.1 million** relating to domestic and foreign travel during the Financial Year 2016/17 and 2017/18. Due to austerity measures and budget cuts, funds have not been available to discharge the obligations arising from the implemented activities.		
	ii. State Department for Social Protection	**Increase**	
	1. The grass root structures to facilitate identification of beneficiaries and disbursement of the cash transfer funds are not in place. It was further noted that Constituency Social Assistance Committees have been reconstituted but they have not been facilitated to undertake their mandate.	i. Ksh 290 million to the Safety Net Programme to facilitate the operationalization of the 290 Constituency Social Assistance Committees which have been constituted but have not been facilitated to undertake their mandate	**1.** The Committee recommends that the State Department reorganizes and reprioritizes recurrent spending with a view to reduce the growing trend under recurrent component and to ensure more Kenyans benefit from enhanced transfers with less optimal operating expenses.
	2. The committee further expressed its concern on the monies spent on bank charges (commission) and was not convinced that the state department is getting value for money in its transaction with the banks.	ii.Kshs.200 million to enhance the budgetary allocation to the Child Welfare Society of Kenya to support Orphanages and Vulnerable Children outside households totaling to 846,000 under the vote no. 1185102500. These homes support close to 200,000 children.	**2.** Ministry should consider the use of mobile money transfer services in the disbursement of funds to beneficiaries under the cash transfer programme.
	3. Concern was raised on the continued non operationalization of the Social Assistance Act, 2013.		**3.** Child Welfare Society be adequately facilitated to enable it execute its mandate effectively.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	iii. State Department for Public Service & Youth Affairs		
	1. That, the National Youth Service has acquired commuter buses under initiative of 'Operation Okoa Abiria''. The Committee notes that under schedule four of the Constitution, the provision of road transport is a function of the County Government and the Committee was not informed of any written arrangement between the County Government of Nairobi and NYS despite requests made. The Committee was further concerned on whether procedure was followed in the acquisition of the buses and whether NYS is suitable to engage in commercialization following recent claims of misappropriation.	**a. Reallocation** i.The National Youth Service budget has increased extensively over the years which the committee has noted has led to the constant pilferage/ misappropriation of resources. The committee through further scrutiny of the Programmes under the National Youth Service recommends the reduction of **Ksh. 5,640 Million** from the Youth Empowerment Programme in informal settlements and re-allocate as follows:	1.The Committee further expresses its reservation against acquiring of the commuter buses and NYS engagement in commercial activities, and recommends that the purchase of the NYS buses be put on hold until the Department demonstrates that all laid down procedures were adhered to.
	2. During the processing of the Budget Policy Statement, the leadership of the NYS indicated that an audit had been done on the pending bills totaling **Kshs. 5.082 billion** presented to the Committee, however when asked on the same issue the State Department informed the Committee that no audit had been done but the pending bills were verified internally. Further, the pending bills as at 31st March 2018 reported under the youth empowerment Programme totaled **Kshs. 5.688 billion**.	ii. **Ksh. 100 million** decrease from Construction of Buildings and other infrastructure at NYS under the National Youth Service Sub- Programme and re-allocate to the State Department for Labour	**2.** The payment of pending bills be put on hold until investigations and proper audit is done on the list of companies provided by the State Department and the report presented to the Committee.
	3. The allowance to the National Youth Service men and women increased from **Kshs. 700** to **Kshs. 2,100** effective July 2017, following a		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	directive by H.E the President ,however this has not been provided for under the FY 2018/2019 budget.		
	4. Youth Enterprise Development Fund has inadequate/limited funds and budget availability to effectively run the Fund's operations. The amount advanced on loan disbursement to the youth is majorly from the revolving fund. The committee further observed that the loans advanced by the Fund are mainly interest free and the cost of disbursement and recovery in cases of default is borne by the Fund, which is not allocated adequate resources for these activities.	**c. Increases** Kshs. 1,450 million to the Youth Enterprise Development Fund under the youth employment scheme sub-Programme under Youth Empowerment Programme to cater for the decentralization of the youth entrepreneurial and financial services to the Constituency level. The additional allocation is to be distributed at a rate of Kshs. 5 million per Constituency to shift the services and address the gaps on loan disbursements at the Constituency level.	
	5. The Committee was concerned with the lack of declaration of the generated income from the revolving fund under the Youth Enterprise Development Fund in the budget.	c **Request for more funds.** The Committee recommends an additional allocation of Kshs 1.45 billion for the Fund to enable it avail its loan facility to applicants in a timely manner.	
	Under the 20th PIC report, the Committee recommended that the Youth Enterprise Development Fund pursues the recovery of Kshs. 204, 534,500 owed by the financial institutions. The State Department responded that the action taken included writing to the defaulting financial intermediaries demanding for repayments. However, the Committee was not satisfied with the action taken		
	iv. State Department for Gender	**Increases**	**IV. State Department for Gender**
	1. The Committee observed from the submissions that the allocation to the various affirmative action funds such as NGAAF,	i) Kshs. 500 million for Women Enterprise Fund under the Gender and the socio- economic empowerment Programme in the State Department	**1.** The Committee recommends timely disbursement of the allocated funds by the National Treasury to ensure that the targets for

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	UWEZO and WEF are too low to make any meaningful impact.	for Gender to enhance the fund's function of promoting economic empowerment of women by providing accessible and affordable credit and other support services to facilitate establishment and expansion of businesses for wealth and employment creation.	the NGAAF, WEF and UWEZO fund are met and the impact of the funds felt at the grass root level.
	2. The allocation of **Kshs. 470 million** towards the sanitary towels is insufficient to cover the target of 4,200,000 school girls	ii. Kshs. 1,000 million to the National Government Affirmative Action under the Community Development Programme in the State Department for Gender. The funds is to enhance the current Kshs. 7 million shillings per constituency for socio-economic empowerment for the less privileged members of the society.	
	3. The pending bills for the State Department as at 31st March 2018 is Kshs. 11.34 million of which Kshs. 10.78 million is as a result of lack of exchequer during the FY 2016/2017.	iii. Kshs. 500 million towards the provision of sanitary towels under Gender Empowerment Programme under the State Department for Gender	
		iv.Ksh 1,000 million to the Uwezo Fund under the gender and social - economic empowerment programme.	
		b. **Request for more funds.** i.The allocation of **Kshs. 10.78 million** to cater for the pending bills which resulted from lack of funds during the FY 2016/2017.	
	v. National Gender and Equality Commission		
		Increase	
	1. The main mandate of the NGEC is to monitor,	Ksh 100 million to cater for the outreach of the commission at the grassroots level by opening	That, there is need to hasten the recruitment process to

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions. The commission has therefore not been able to audit government institutions on compliance with the Constitutional requirements on gender due to lack of funds.	regional offices in Malindi and Kitui.	fill the vacancy position of the Chairperson and other members of the Commission.
	2. To enhance its outreach, the Commission has opened regional offices in Malindi and Kitui. The new offices require furniture, refurbishment and staff at a cost of Kshs. 20 million.		
	3. The committee observed that Article 249(3) of the constitution requires Parliament to allocate adequate funds to enable each Commission to perform its functions. The committee further notes that the National Gender Equality Commission has a total funding gap of Kshs. 150 million to enable it effectively deliver on its mandate		
	4. The committee notes that the National Gender Equality Commission Board is currently comprised of two members against the recommended five members, this therefore hinders the commission from conducting its function		
	vi. State Department for development of the ASAL	**Increase**	
	1.The Committee noted that development partners have committed to support the Ending Drought Emergencies (EDE) project with **Kshs. 847**	Kshs. 600 million towards State Department for the Development of ASAL under the Accelerated ASAL Development Programme out of which	**i** That, the severity of flood or drought is extreme and there is need to put up a fund to cater for these

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	million. However, the allocated budget is **Kshs. 440 million**, the difference of **Kshs. 407 million** which is already committed as per the financing agreement has not been captured in the FY 2018/2019 budget.	Kshs. 426.4 million is to implement special Programmes for promotion of social economic development, Kshs. 71 million to carry out food assessment during the short and long rainy season by NDMA, Kshs. 48 million to settle pension claims by retiring employees in NDMA, Kshs. 10 million to the Kenya Drought early warning system and Kshs. 44.6 million for the production and marketing of drought- tolerant crops.	emergency cases
	2.The Committee notes that the capacity of NDMA to monitor and coordinate drought mitigation activities is limited due to inadequate funding. The Authority has a shortfall of **Kshs. 71 million** towards the execution of food security assessment.		**ii.** That, the grants by DFID and the EU for the hunger safety net Programme and the Ending Drought Emergencies Programme by NDMA, needs to be unlocked
	3.The NDMA has not been able to fulfil statutory obligations to its employees in terms of payment of pensions. A total of **Kshs 48 million** is required to settle pension claims by retiring employees.		
			The Committee further expresses its reservation against acquiring of the commuter buses and NYS engagement in commercial activities, and recommends that the purchase of the NYS buses be put on hold until the Department demonstrates that all laid down procedures were adhered to. **2.** The payment of pending bills be put on hold until investigations and proper audit is done on the list of companies provided by the State Department and the report presented to the Committee.
	4.The Committee further notes that the State		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Department has initiated activities towards enhancing community resilience against drought among communities in the ASAL counties. The project aims to put in place effective measures at the community level to reduce vulnerability to the adverse effects of climate change and enhance capacity to adapt.		
	5.In addition it was noted that the Kenya Drought early warning system has been allocated Kshs 30 million against the required Kshs 40 million		**iii.** It is important to ensure that in future budget considerations, all MDAs should do their presentations in the presence of responsible officers from the National Treasury to align communication from the National Treasury and the MDAs;
			. The Committee recommends timely disbursement of the allocated funds by the National Treasury to ensure that the targets for the NGAAF, WEF and UWEZO fund are met and the impact of the funds felt at the grass root level That, there is need to hasten the recruitment process to fill the vacancy position of the Chairperson and other members of the Commission.
	1.The Committee noted that development partners have committed to support the Ending Drought Emergencies (EDE) project with **Kshs. 847 million**. However, the allocated budget is **Kshs. 440 million**, the difference of **Kshs. 407 million** which is already committed as per the financing agreement has not been captured in the FY 2018/2019 budget. 2.The Committee notes that the capacity	**Increase** Kshs. 600 million towards State Department for the Development of ASAL under the Accelerated ASAL Development Programme out of which Kshs. 426.4 million is to implement special Programmes for promotion of social economic development, Kshs. 71 million to carry out food assessment during the short and long rainy season by NDMA, Kshs. 48 million to settle pension claims by retiring	That, the severity of flood or drought is extreme and there is need to put up a fund to cater for these emergency cases That, the grants by DFID and the EU for the hunger safety net Programme and the Ending Drought Emergencies Programme by NDMA, needs to be unlocked.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	of NDMA to monitor and coordinate drought mitigation activities is limited due to inadequate funding. The Authority has a shortfall of **Kshs. 71 million** towards the execution of food security assessment. 3.The NDMA has not been able to fulfil statutory obligations to its employees in terms of payment of pensions. A total of **Kshs 48 million** is required to settle pension claims by retiring employees. 4.The Committee further notes that the State Department has initiated activities towards enhancing community resilience against drought among communities in the ASAL counties. The project aims to put in place effective measures at the community level to reduce vulnerability to the adverse effects of climate change and enhance capacity to adapt. 5.In addition it was noted that the Kenya Drought early warning system has been allocated Kshs 30 million against the required Kshs 40 million	employees in NDMA, Kshs. 10 million to the Kenya Drought early warning system and Kshs. 44.6 million for the production and marketing of drought- tolerant crops.	It is important to ensure that in future budget considerations, all MDAs should do their presentations in the presence of responsible officers from the National Treasury to align communication from the National Treasury and the MDAs; iv. There is need to strengthen the link between the Programme Based Budget framework and Itemized Budget with respect to having a comprehensive and responsive set of indicators, key outputs and realistic targets and proper costing of programmes. There is need to have a costed approach when setting targets and expected outputs as the evidence available indicate a weak link in terms of having an effective and responsive PBB framework
7	**Sports, Culture and Tourism**		
	Ministry of Tourism and Wildlife		
	1.Consultative meetings between line Ministries and National Treasury were held prior to the budget cuts. This was clarified by the representative of the National Treasury. 2.The National Treasury had not adhered to the ceilings of the 2018 Budget policy statement as is the requirement of the Public Finance Management Act, 2012; 3.The name of the fund 'Tourism Fund' had been changed to be called Tourism Transformation Fund;	Re-allocations Ksh 26 million be reallocated from12041001011-Tourism recovery and this is allocated to the Ushanga Kenya Initiative 2. Reallocate Ksh 200 million from Mama Ngina waterfront development and allocate it to the Ushanga Kenya Initiative. 3.Reallocate Ksh 100 million from the project Improve tourism Institutional framework and allocate it to the Ushanga Kenya Initiative	Being a productive sector of the economy, major foreign exchange earner, an enabler in the attainment of the government Big Four Priority Agenda and a significant contributor to the economy, there is need to revamp the sector in order to realize the unexploited potential. 2.The State Department of Tourism needs to evaluate its costing estimates when mapping out its priority projects as when resources needs do not match projected revenues, budget cuts are inevitable.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	4.The Cabinet had unlocked the Tourism Fund established in the Kenya Airport Authority to allow the tourism sector benefit from the funding. The fund had accumulated up to Ksh 6 billion by February, 2018 and this would help in financing the sector; 5.The agencies had accumulated pending bills of up to Kshs. 1.522 billion (Sports), Kshs. 513.98 million (Heritage) and Kshs. 1.596 billion (Tourism); 6.The funds to the agencies were not disbursed on a timely basis and this occasioned pending bills and delayed implementation of projects; and 7. In the financial year 2017/18 the state departments had suffered massive budget cuts during the supplementary estimates I and II. This had hampered project implementation and attainment of the pre- planned targets of the State Departments and ministry. 8. The spending agencies had been underfunded especially on the development votes. 9. Only Ksh 250 million had been allocated for the regional stadia out of the required Ksh 1,094 million	Reallocate Ksh 100 million from the Nairobi Railway museum and allocate this to the Ushanga Kenya Initiative. **b. Additional request for funding** The National Treasury allocates Ksh 1.596 billion to cater for the accumulated pending bills that have accumulated in the ministry.	3.The National Treasury needs to consult widely with the State Department of Tourism throughout the budget cycle and before effecting any budget cuts, as random budgetary cuts could seriously hamper the priority programs and operations of the department. 4.There is urgent need for completion of the Ronald Ngala Utalii college to adhere to the recommendations of the public investment committee. 5. The committee recommends that, the Ministry should not start any new projects until the on-going ones are completed. 6.There was need for the Ministry to fast track the establishment of a regulatory framework to operationalize the tourim transformation fund. This would address the financing gaps currently experienced. 7.The National Treasury needs to disburse funds to the ministry in timely basis. This would enhance the performance of the sector and implementation of programs in time. 9. The State Department of Tourism shall endeavor to undertake proper feasibility before undertaking any new projects and before projects implementation 8.There is need for completion of the Ronald Ngala Utalii college to adhere to the recommendations of the Public Investment Committee 9.As a productive sector of the economy, major foreign

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
			exchange earner, an enabler in the attainment of the government Big Four Priority Agenda and a significant contributor to the economy, tourism funding should be enhanced to maximize realization of its enormous but largely unexploited potential.
	ii. State Department for Heritage	**Request for additional funds**	
		i.There is need for National Treasury to increase the allocation to the department by Ksh 513 million to cater for pending bills, out of which Ksh 452 million reflects to pension arrears for the national museum of Kenya and Ksh 61 million is meant for other merchant and obligatory bills. ii. There is need for the National Treasury to allocate Ksh 25 million to facilitate recruitment and employment of new staff in the current financial year. iii.There is need for the National Treasury to allocate to the state department and additional Ksh 1,052 million to cater for recurrent expenditure	1.There is need for national treasury to disburse funds to the state department in time to reduce accumulation of pending bills 2.The state department involves the public service Commission in order to recruit and employ new staffs 3, The state department had a shortage of 854 technical staff and this hampered the service delivery in the department 4.The is need for the State Department of Heritage to fully implements the recommendations of the ports of the Public Accounts Committee of the Financial Year 2013/14, and that of the Public Investments Committee contained in the 20th and 21st Reports.
	State Department for Sports		
		i. **CHAN projects,** There is need for the National Treasury to allocate Ksh 2.354 billion to cater for the accumulated pending bills of Ksh 1.119 billion arising from the pending certificates and Ksh 1.235 billion to cater for works in progress respectively ii. 2.**National Sports Lottery**. There is need for the National Treasury to increase the allocation by Ksh	There is need for the National Treasury to consult widely with the state department before effecting any budgetary cuts. ii. There is need to revamp the sports sector by increasing budgetary allocation to the department

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
		530.4 million. This would fully operationalise the lottery. iii. Regional Stadia There is need for the national Treasury to allocate Kshs33.4 million to cater for pending bills that had accumulated from the parts of the works completed at Kamariny stadium Elgeyo marakwet County Ksh 22.6 million and the kipchoge Stadium Ksh 10.7 million There is need for the National Treasury to increase the allocation to the refurbishment of the regional stadia by Ksh 844 million. iv. Cash Awards. There is need for the National Treasury to allocate Ksh 147 million to be used to pay off the pending bills honors to athletes which dates back to the year 2010. v. There is need to increase the development allocation to the state department by Ksh 560 million out of which Ksh 448 million is meant for clearance of the accumulated pending bills at the construction of an ultra-modern national library, Ksh 40 million for the rehabilitation and upgrade of the Tom Mboya Memorial Ksh 40 million for the rehabilitation and upgrade of Kapenguria 6 facility/Museum,Ksh 16 million for the rehabilitation and upgrade of Lokitaung Memorial and Ksh 16 million for the rehabilitation and upgrade of Maralal Kenyatta house.	
	~~**Trade, Industry and Cooperatives**~~		
8.	**LANDS**		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
		Reallocations	The Committee recommends that:
	1. The proposed Expenditure Estimates for theLand Policy and Planning programme, vote 1112, Ministry of Lands and Physical Planning in the FY 2018/2019 is Ksh. 6.020 billion comprising of Ksh. 2.69 billion for current expenditures and Ksh. 3.33 billion for capital expenditures. The approved BPS 2018 provided for a total expenditure ceiling of Ksh. 5.811 billion comprising of Ksh. 2.332 billion for recurrent expenditures and Ksh. 3.480 billion for capital expenditures. The proposed estimates reflects a positive deviation (increment) of Ksh. 359 million on the recurrent expenditure estimates and a reduction of Ksh. 150 million in capital expenditure estimates resulting to a total overall net expenditure increment of Ksh. 209 million. However the Ministry explained that the amount will be used to cater for deficit in salaries, arrears due to advancement to next grade, lifting of interdicts andpromotions. 2. The Ministry of Lands and Physical Planningand the National Land Commission are implementing a Land Information Management (LIM) Systems. The two should work in harmony to ensure the country has a single Integrated Land Management Information system and the Committee is of the view that the Land Information Management System should be domiciled at the Ministry of Lands and Physical Planning. 3. The Ministry of Lands and Physical Planninghas pending bills amounting to Ksh. 2,035,874,402.47 arising from court and arbitration awards. This was majorly occasioned	1. Kshs. 300,000,000 domiciled in theICT Infrastructure Development – 0210000 programmee in vote 1121, Ministry of Information Communication and Technology for the development of the PublicLand Management System for the National Land Commission be reallocated to the Land Policy and Planning programme- 0101000 in Vote 1112, Ministry of Lands and Physical Planning to cater for the following: i. Ksh. 80, 000,000 is reallocated to CountyLand Offices – Head (1112001101) to cater for allowances and travel expenses for the Land Control Boards. ii. Ksh 110,000,000 is reallocated to Sub Programme 0101050, Land settlement to cater for the resettlement of landlesscitizens iii. Ksh 110,000,000 is reallocated to Sub Programme 0101010, Development and Land Reforms to cater for titling of land in thecountry 2. Ksh.28,384,128 is reallocated fromLand Administration and Management Programme(Ksh. 15,214,997 for foreign travel, and Ksh. 13,169,131 for Printing, advertising and information supplies and services) vote 2021 National Land Commission (Recurrent) to the Land Policy and Planning programme- 0101000 in Vote 1112,	1. The Land Information Management Systemsbeing implemented by the Ministry of Information Communication and Technology on behalf of the Ministry of Lands & Physical Planning and the National Land Commission be harmonized to have a single integrated Land Information Management system for the Country to be domiciled in the Ministry of Lands and PhysicalPlanning. The NationalLandCommission should finalisethe development of historical land Injustice (HLI) RULES AND REGUL ATIONS INCLUDINGTHE DEVELOPMENT HLI claims register as part of implementation of various reports on HLI and further finalise the development of traditional/alternative dispute resolution to address numerous land succession cases clogging the judicial system.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	by commission or omission and falsification of documents by Ministry personnel. 4. Construction and renovation of land registrieswas greatly hampered by cases of pending bills. To ensure, the 6 land registries planned for the FY 2018/2019 are realized, the Ministry should ensure that activities are undertaken within the approved budget, procurement and cash flow plans. All the designated Authority to Incur Expenditure (AIE) holders in the Ministry should only make commitment after confirming availability of cash to settle the bills; 5. TheenactmentofthePhysicalPlanningBillis still pending before Parliament. Its finalization will anchor and harmonize national and county physical planning. 6. The Land Value indexing is instrumental in stabilization of land prices in the country which is presently based on speculation rather than market forces of demand and supply. There is need to prioritize the enactment of the Land Value Index Bill 2018 which is an instrument for harmonization of the value of land across the country for the primary purpose of determining landrent, landrates, stamp duty on conveyance of landand compensationof expropriatedland. 7. Development of Geo-spatial data completionof the national atlas is instrumental in advancing sustainable development goals (SDGs). provision of adequate financing of the completion of geo-spatial data is critical. 8. The National Spatial Plan which was completed and launched in March 2017 has not been implemented. There is need for the Ministryto put in place a robust support system to	Ministry of Lands and Physical Planning County Land Office – Head (1112001101) to cater for allowances for the Land Control Boards	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	capacity buildthe Counties in developing the County Spatial Plans; and further the Ministry needs to finalize the Physical Planning Handbook and guidelines and offer technical assistancetocountiesinthedevelopmentofphysical plans. 9. TheprovisionofKsh.340millionintheFY 2018/2019 for purchase of lands for settlement of the landless including squatters and forest evictees is inadequate. The Ministry estimates that it requires a total of Ksh.10.171 billion over three-year period to settle 4,500 squatters in Mikanjuni, 3,000 squatters in Minarani, and 16,000 squatters in Chakama Kilifi County alone. A robust resettlement programme with defined timeline and financing strategies needs to be put in place. 10. The National Land Commission had not finalized the development of historical land injustices (HLI) rules and regulation including the development HLI claims register as part of implementation of various reports on HLI; and further the Commission had not finalized the development of Traditional/Alternative Dispute Resolutions (TDR/ADR) to address numerous land succession cases clogging the judicial system. 11. There is an increment of Kshs. 15,214,997 in the 2018/19allocation for foreigntravelin Land Administration and Management Programme, vote R 2021 National Land Commission compared to the allocation of the same item in the 2017/18 Budget Estimates.		
	There was a significant variation from the ceilings of the BPS as was submitted by the National		

9. TRANSPORT, PUBLIC WORKS AND HOUSING

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Treasury and as was amended and subsequently approved by the National Assembly as shown in the Table below i. While Treasury is required to submit a memorandum explaining why they have not adhered to the House resolutions on the BPS ceiling, their submission was not convincing since their explanation for 428% above the ceiling for Shipping and Maritime affairs was an 'increase in AIA' - raising the question on why money collected by an existing State Corporation like Maritime Authority was not anticipated during BPS preparations ii. The Committee also observed that the information on the projects submitted with 2018/19 budget estimates was scanty for informed analysis and effective oversight since it lacked actual expenditure including commitments as at the time of preparing the annual estimates. It was also noted from the scanty information provided that thestart dates and expected end dates do not inform budgeting since projects listed to end in 2018 or 2019 are allocated projections for the outer years of 2020 and 2021. iii. The Committee also observed that there was inadequate synergy between the State Departments and their parastatals in matters budgeting. Only the State Department for Infrastructure demonstrated that it had full information on the budgets of the State Corporations under it. The parastatals under the other State Departments especially for Transport submitted their requirements instead of real budget while some State Departments had no idea what is collected by the parastatals (AIA) under them.		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	State Department for Transport The Committee observed that there was Inadequate synergy between the State Department for Transport and the State Corporations under it since the corporations submitted their budget requirements to the Ministry at initial stages of budget-making instead of actual proposed estimates for financial year 2018/19. b) The Committee observed that the Bandari College Principal reports to a manager in the Human Resource Department instead of the CEO, hindering the planned upgrading of the college to state of the art centre of excellence in the region. It was the view of the Committee that the Kenya Ports Authority with the help of the State Department for Transport to relook in to the management structure of the Bandari College so as to ensure that proper reporting structures are put in place and the Principal reports to the CEO directly. The committee observed that construction of Airstrips in 2018/19 financial year concentrated on one region of the Country.		a) The National Treasury should up its efforts on making sure that all Monies collected by agencies/ State Corporations are fully reported and seek help from respective Departmental Committees of the National Assembly where amendments to the Legal Frame work may be required. b) The committee strongly recommends that all State corporations, State Authorities and State regulatory bodies that generate revenue should declare that revenue as AIA. That way, that revenue is captured in the budget and approved by national assembly. b) The Kenya Ports Authority with the help of the State Department for Transport should relook into their structure to make sure that the College principle for Bandari College reports to the CEO to achieve the intended centre of excellence status. c) In future, consideration of construction of airstrips must be balanced across the country with a view of developing one airstrip per county to spur quick and balanced economic growth, promote the big four agenda and also open up areas. North Rift area and North Eastern in particular should be considered going forward as it was not fairly considered this year

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	State Department for Shipping and Maritime Affairs		
	The Committee observed that Shipping and Maritime is a highly specialized field and the State Department sends officers for on-job training outside the country for eight (8) years. While the trainings are offered through scholarships, the committee observed that it was irrational having officers outside the country for 8 years and remains on payroll. The Committee notes with concern that the taxpayer risks losing Kshs. 400 million following the Ministry's communication to the State Department for Shipping and Maritime Affairs to downscale the construction of Headquarters for Maritime Authority in Mombasa from the initial plans of 18 floors to 8 floors due to contract variations The Committee observed that the State Department of Shipping and Maritime Affairs lacks legal and structural operational framework. The Committee noted that there was a funding deficit of Kshs. 237 million for revival of the Kenya National Shipping Line (KNSL). This is vital, not just to the existence of KNSL, but to the overall economy of the country. The Committee is convinced that the KNSL has a great potential, but the realization of this potential can only be achieved if the necessary funding is availed to them. The Kenya National Shipping Line has a great potential in terms of jobs-creation especially for the Kenyan youth. The KNSL will also help reduce foreign exchange payment in freight paid		The Committee recommends that a training policy/ Programme for shipping and Maritime fields be developed targeting High school graduates who will be bonded for a period commensurate to the number of years and amount of public funds spent on their training and studies as an exit strategy from current practice of sending officers for on-job training of 8 Years outside while still on payroll. The Committee recommends that the construction of the headquarters' building for the Kenya Maritime Authority which was argued to have been proposed for scaling down to 8 floors by the ministry is completed to the initially planned 18 floors with a view to renting any unoccupied spaces for income generation and even for prosperity given the strategic location of the building in Mombasa, and to avoid unnecessary loss of expected Kshs.400 million through contract variation. The Committee finds that the 18 floors at a cost of Kshs. 1.8 billion in Mombasa was very reasonable and that the maritime department can use all floors meaningfully on other productive activities or share with other government agencies. The Committee recommends against the scaling down of the floors for whatever reason, unless such a

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	to foreign-owned shipping lines. Further, the Committee observed that the Integrated Maritime Policy will bring coherence in the maritime sector; *VijanaBaharia* targets capacity building for the youth so that they can get jobs in foreign-owned ships. e) The Committee observed that the Maritime Spatial Plan had a budget requirement of Kshs. 50 million but reduced to Kshs. 44.6 million. The State Department requested that the amount be enhanced to the initial Kshs 50 million because they had already mapped activities within that amount of Kshs 50 million. The Committee observed that the office refurbishment was allocated only Kshs. 22 million against a requirement of Kshs. 44.2 million. With a provision in the next budget for Kshs. 10 million. There was a shortfall of Kshs. 12 million which the State Department was requesting.		proposal was due to safety concerns. The Committee recommends that the State Department of Shipping and Maritime Affairs puts in place proper legal and structural operational framework.
	State Department for Infrastructure		
	a) The Committee observed that the projects that were to be funded through the Annuity Fund have not taken off effectively while the fund has accumulated Kshs. 29 billion and now the proposed allocation is Kshs. 11.18 billion bringing the total to Kshs. 40 billion. The PFM regulations for the Fund as currently enacted do not allow for a charge on this fund for other projects outside the Annuity Programme (Projects awarded under PPP arrangements). b) The Committee observed that the State Department for Infrastructure has a pending bill totaling Kshs. **23.734 billion**	i. The National Treasury to Float an infrastructure bond of Kshs.200 billion secured against the Fuel Levy funds ii. Borrow Kshs. 18 billion from the annuity fund to finance the flood damaged roads and the same be refunded back to the fund after floatation of Kshs. 200 billion bond. The balance of the bond to be used to finance the deficit of the Kshs. 115 billion and completion of the remaining 1,000 KM new roads to achieve the 10,000 KMs target. iii. Out of the Kshs. 18 billion for flood	The Committee recommends that the Annuity Fund regulations should be amended to allow the State Department fund other projects outside the annuity programme. Further the state Department should come up with alternative ways of financing infrastructure projects including securitizing the funds like the fuel levy and annuity by investing them in Financial Assets like bonds. b) Following the huge pending bills reported by the State Department of Infrastructure, the Committee recommends that priority be given to settling these bills and ongoing projects so as to not delay the intended benefits from these projects.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	broken down into Kshs. 13.756 billion under KeNHA, Kshs. 6.044 billion under KeRRA and Kshs. 3.934 billion under KURA) c) Following the ongoing devastating floods, the State Department plans to make emergency interventions in the 'Red Flag Areas' to at least restore normalcy in terms of movements. While the interventions per county are provided the Committee observed that some specific roads in various parts of the country were not included. The Committee therefore notes that the roads damaged by rains require urgent funding for repairs and rebuilding.	damaged roads Kshs. 8.7 billion will be distributed equally to the 290 constituencies, with each constituency receiving Kshs. 30 million to repair flood damaged roads.	c) An Emergency Fund of Kshs. 18 billion is required to repair total damaged roads and bridges across the country destroyed by ongoing rains, to bring them back to normalcy.
	State Department for Housing , Urban Development and Public Works		
	The committee raised concern on the Kshs. 11.464 billion for the Kenya Urban Programme from World Bank which is a transfer to counties as conditional grants for waste management, storm water drainage, connectivity (urban roads infrastructure, lighting etc.), urban social and Economic Infrastructure and Fire and Disaster Management. A total of 59 cities were selected on the basis of either being a county headquarter excluding Nairobi and Mombasa or having a population of 70,000 people based on 2009 census. The committee raised the following; a. That the distribution within the counties were not fairly done since a town like Kitengela with a huge population was not considered in Kajiado. b. That the money might be misused at the		a. The proposed Kshs. 11.6 billion transfers to Counties was opposed by Members. It was resolved that the money be spent at the Ministry level to avoid possible pilferage and for ease of accountability. This was also meant to avoid possible double allocation as Counties might have budgeted for same projects or same programmes targeted. Members found this was a very potential area of misuse of public funds. b. It was recommended that Kajiado county programmes be reviewed to include Kitengela.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	county level since some Counties already have targeted infrastructures e.g. firefighting equipment. The Committee was therefore concerned that this might therefore be an avenue for misuse of public resources. The Committee further observed that there are sub-counties without district headquarters and are not among the planned ones for construction in 2018/19 budget while at the same time ongoing Economic Stimulus Program (ESP) markets were left out in the 2018/19 budget estimates. However, the State Department assured the committee that it will reorganize its budget to cater for all the projects equitably. The Committee noted that the National Housing Corporation (NHC) doesn't feature anywhere in the implementation of the affordable housing Programme. This is despite the corporation having the necessary infrastructure including a factory producing affordable building materials.		
10	**TRADE, INDUSTRY AND COOPERATIVES**		
	The state Department for Industry:-	**State Department of Investment and Industry**	
	· Programs that support Value addition and raisingthe Manufacturing Sector's Share GDP to 15 Percent by 2022 will accelerate economic growth, create jobs and reduce poverty thus Agro processing is key but not factored in the budget · To increase Revenue from Textile industry from USD 350 million to USD 2 billion, create 500,000 Cotton jobs and 100,000 new Apparel jobs by 2022 requires increased production of cotton. This calls fortechnical	**(a)Reductions** 1. The allocation of Ksh 2 Billion towards acquisition of land for industrial parks in Naivasha be reduced by Ksh.2billion. 2. TheallocationofKShs800milliontowards Development of Leather Industrial Park at Kenaine, Athi River, be reduced by Ksh.400M. 3. The allocation of KShs.1 billion towards the provision of credit to SMEs in the manufacturing sector (KIE) s be reduced by Ksh500M.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	services on cotton production and value addition. · That funding allocated for cotton growingand development has been dismal, despite its importance in the development of the textile industry. · Developing industrial infrastructure such as Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial Parks across the Country like the proposed Modern Industrial Park in Naivasha, apparel Industrial sheds in Athi River, establish the DongoKunduSEZs,ConstituencyIndustrial Development centres, will create jobs for Kenyans · To improve Kenya's Global Ranking onDoing Business Indicators from our current position of 92 to within the top 50 and further lower cost of Doing Business for both Domestic and Foreign investors requires Reengineering and re-modelling of Business Environment Indicators.. · RIVATEX and K.I.E are fundamental agenciesin promoting SMEs growth in the country in order to create employment however the ministry is proposing a reduction in the budget of the two entities in favour of other unfunded projects that are in line with The big fourAgenda. · As RIVATEX embarks in modernizingits machinery, production of cotton which is raw material should be promoted for proper utilization of the modernmachines. · ItisnoteconomicalfortheStatedepartmentto introduce a new leather project in Kajiado with an allocation of Kshs.200 million while the		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	Kenanie leather project has taken a long period of time to complete. · KIRDI has capacity to generate itsincome. · NumericalMachineComplexneedstobeprioritized in promoting industrialization in Kenya. It has the potential of generating revenue but not given priority by the State department. There is need to make it semi- autonomous. · Ksh 1Billion allocated to K.I.E may not beabsorbed fully due to the fact that the institution has been dormant for some time and this may result to misuse of the funds. There is need for progressive increment with improved structures. · There is need to develop a textile hub in Athi Riverto take advantage of the Export processing zone in the area. · Thefollowingprojectswerenotfundedatall andyet they are key in driving the Big Four Agenda; i. Developing of Dongo Kundu Special Economic Zone ii. Establishment of one stop center for investors(KENIVEST) iii. Accreditation of motor vehicleinspection Body Centers(KENAS) iv. Agro-processingdevelopment development of Leather Sector and MSME policies and Review of National Industrialization policy vi. Naivasha Industrial Park · There appears to be a lack of a linkage in		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	terms of the budget proposals between the NationalTreasury and the State Department for Industry. · Despite, the role played by the statedepartment and it's agencies in the achievement of the BIG FOUR agenda; the Cabinet Secretary is not in support of the Treasury's proposed allocations and is of the opinion that the allocations be reallocated as annexed in this report. · The National Treasury is further proposing major reductions in the allocations to the sector amounting to Ksh.4.3 billion which is against the overall goal of the BIG FOUR agenda heavily pronounced by the Headof State. · Numerical Machine Complex (NMC) is crucialin manufacturing metallic components and other industrial products to promote industrial development. It was formed for the purposes of manufacturing motor vehicle spare parts and metal based engineering products. It offers mechanical and engineering services to the agricultural industrial and automotive sectors.		
		4. The allocation of Kshs.610 milliontowards Research Technology innovation and Laboratory innovation and KIRDI Nairobi South B, be reduced by Ksh310M.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
		5. The allocation of KShs.200 million towards development of KajiadoLeather Factory be reduced by **Ksh 200M** **(b)Increments** 6.Theallocation of Kshs100 milliontowards Contracted Technical Services on Cotton production and Value addition be increased by Ksh200M. 7.The allocation of Kshs 50 million towards Business process Re-engineering and Re-Modelling of Business environment Indicators (Ease of doing Business) by increased by Ksh 400M. 8.Theallocation of Kshs 260 milliontowards Completion of infrastructure project at Kenya Industrial Training Institute (KITI) be increased by Ksh 40M. 9The allocation of Kshs 50 million towards **Modernization of numerical machining Complex** (NMC) be increased by **Ksh150M.** 10. The allocation of Kshs.400 million towards Development of Athi River Textile Hub be increased by Ksh **420M.**	
	The state Department for Cooperatives:-		
	The Committee observed that; · SASRA has a deficit inRecurrent · SASRAisanimportantinstitutioninregulating SACCOs in the country and therefore needs to be funded. · New KCC limited being a commercial entity		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	needsto strive to be self-reliant in the future as opposed to requesting for more funding from the exchequer.		
	State Department of Trade		
	The state Department for Small and Medium Enterprises:-		
	The Committee observed that; · Theministryhasconcentratedalotonexport promotion and partially disregarding the protection of the domestic producers by not doing much to control dumping in the country. · The construction of the KIBT buildingat parklands has taken so many years and is concerned that the costs could escalate over the years due to time related costs. · Completion of KIBT will save the State DepartmentoverKsh102mthatTelecomispaidfor rent. · Micro, small and medium enterprises		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	arethe drivers of the growth in the informal sector; however there is still inadequate funding towards the same. · The allocation of KShs.700 million for Constituency Development Centers is important in spurring growth in urban and semi-urban areasdespite the challenges associated with the project. · The State Department needs, to develop apolicy to support county governments in developing strategic physical markets in order to avoid the post-harvest losses that are continuously being experienced in the country · The request to reallocate Ksh 700 million meant for construction and equipping of constituency Industrial Development Centers is declined on grounds that completion and equipping of the centers is long overdueanditisnoteconomicallyviabletoadvocate for incomplete projects.		
		1. **Ksh 200M** be allocated towards Establishmentof a One stop center for investors (KENINVEST)	
	· The NMC has the potential but isunderfunded.		
	· Kenya National Accreditation Services(KENAS) requires funding to execute its mandate.		
	· TherequestbyTreasurytoreallocateKsh2 Billion allocated for the purchase of land in Naivasha to the State Department of Defence is acceptable since there are cheaper options of		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	obtaining land for the sameproject. · The request by Treasurytoreallocate 1billion allocated to KIE is declined on grounds that KIE is mandated to provide finances, work space, Business Development Services (BDS) and promotion of Micro, Small and Medium Enterprises (MSMIs) in order to foster manufacturing countrywide which is a component of the BIG FOUR agenda. · TherequestbytreasurytoreallocateKsh610 million allocated to KIRDI is declined on grounds that it has a bending bill that is bound to increase with time and KIRDI conducts research and development in all industrial andallied technologies including mechanical, civil, electronics, chemical engineering, energy, environment, and commodity technologies. Theexecution of this mandate is critical in technological advancement through research and development and this contributes towards the country industrializationprocess. .The committee found it ironical and read mischief in the deductions since the cabinet secretary had indicated that th Ministry had a deficit of over Ksh 10 Billion.		
11.	**Communication, Information and Innovation**		
	Ministry of Information,Communication and Technology	**Reallocations**	
	i.The allocation to the Ministry of ICT does not meet the resource requirements of the Ministry. This may affect the implementation of the programmes.	i. Ksh 100 million be deducted from R 1121000113 ICT shared services and to be allocated to R 1121000700 Konza Technopolis Development Authority. This amount is to be used for the payment of salaries and the advertisement costs in marketing of Konza.	i. The NationalTreasury should ensure timely disbursement of funds from the exchequer account to enhance effective and efficient implementation of projects.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	ii. The Ministry had accumulated pending bills arising from the budget cuts as well as delayed budget releases from the exchequer account during the financial year 2017/18.	ii. Ksh 100 million is deducted from R 1121000113 ICT shared services and to be allocated to R 1121002701 Media Council of Kenya (Current transfers to government agencies). This amount is to be used for payment of salaries and wages of employees, this item has been underfunded.	ii. The Ministry undertakes consultations with the county governments so as to agree on the interdependency of procuring ICT services.
	iii. The Konza Techno city had been underfunded over the financial years and this has adversely affected its completion.	iii.Ksh 200 million is deducted from D 112100901 Consultancies (MDP2) and allocated to 112100701 Konza Complex- Headquarters. This amount will be used to cater for the accumulated pending bills in the Project.	iii. The Ministry of ICT should present a report to the Committee on the performance and the actual implementation status of the Presidential Digital Talent Programme;
	iv. The inadequate financing and delayed budget release had resulted into un-achievement of pre-planned targets by the statedepartments. There was a consultation to be done to deliberate on the performance of the digital Literacy Programme	**b) Proposed increase (Request for additional Resources)** i. Funds for establishment of Constituency Innovation Hubs in the remaining constituencies ii. .Ksh 50 million to Kenya year book editorial board to enhance its operations	iv. The Ministry should create awareness regarding the *Ajira* programme (Presidential Digital Talent Programme) to enable more youths to apply and be trained.
	v. The Ministry was intending to spearhead the implementation of seamless e-government services and this required adequate funding		
12	**DEFENCE AND FOREIGN RELATION**		
	i.Ministry of Defense		
	i.The budgetary allocation for the Ministry of Defence has been on upward trend over the last ten years due to Operation *Linda Nchi* and high cost of security equipment's as well as change of technology.	Ksh.107, 053,747,380 for the Ministry of Defence, Vote 1041.	
		Proposed increase (Request for additional Resources)	
	ii. The Development Expenditure allocation	Ksh. 2 billion for military Modernization.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	ofKsh. 10.429 billion was made up of aloan AIAof 10.429 billion from two development partners for implementation of military modernization programme through Export Credit Arrangement (ECA). The Government of Italy would finance Ksh. 7.3 billion while the Government of Netherlands would fund Ksh. 3.13 billion. The funds will be utilized for part of payment of the ECA facility. The balance of Ksh. 45 million is the Grant AIA from UN-WOMEN tosupport a capacity building programme at the International Peace Support Training Centre. While it is acknowledged that military Modernisation is critical, the upsurge in the loan facility from Ksh. 7.3 billion in 2017/18 may imply more debt burden to thepublic.		
	iii.Some audit issues raised by the Auditor General had not been resolved.	The Budget and Appropriations Committee to consider sourcing for resources elsewhere to accommodate pending bills amounting to Ksh. 850 million for the Ministry of Defence.	
	iv.There was a need to settle the pending bill of Ksh. 850 million since it was already determined by a court of law to be a genuine pending bill.		
	v.The Military Modernization programme has been given as development expenditure since it is a loan. The Ministry has other development expenditure which is deemed recurrent		
	ii.Ministry of Foreign Affairs		
	i.The Ministry has inadequate human capital	KSh.17, 107,914,901 for the Ministry of	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	limiting them to effectively deliver on its mandate. The Current authorized establishment is 1,198 against current in post of 902 (HQs 563 – and Missions 339) and 656 local staff based in the missions – Optimal staffing is 3,000	Foreign Affairs, Vote 1052.	
	ii.The allocation for Subscriptions to International Organizations amounting to Ksh 1.841 billion which has to date been part of the ministry's recurrent budget has been moved to the National Treasury's 2018/2019 under medium term budget. While this move is expected to reduce delays in disbursement that is usually occasioned by irregular exchequer releases, the complications that are likely to arise from administrative challenges might offset the expected advantages.	**b) Proposed increase (Request for additional Resources)** The Ministry of foreign affairs has critical shortfalls which includes allocation towards the construction of a new Headquarters whose total estimated cost of construction is Ksh 4 billion. The committee recommends the Ksh 1 billion be sourced from elsewhere to enable the ministry start the project	
	iii.UnderMinistry'sO&M,activitiesfundedinclude-MissionsO&M,stateprotocol,subscriptions,utilitie s,- which leaves 200 million for all other O&M activities, which are mandatory international activities which have to be implemented. These include UNGA (200 mn), IGAD (100mn), AU (100mn), EAC & ICGLR (100mn), administration activities - cleaning, transport, fuel, maintenance (400mn). This occasions pending bills annually since the Ministry has to represent the country in these mandatory international activities.		
	iv.Kenya Missions budget are prepared in Kenya shillings and transferred to the recipient Missions on quarterly basis. To facilitate the transfer, multiple translations are done initially from Kenya Shillings to the currency of remission and		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	then to the currency of the recipient country. This occasions huge net foreign exchange losses which erode their allocated budgets.		
	v.It had been agreed by the government that the Ministry opens 5 fully fledged Diplomatic Missions – *Accra, Dakar, Mozambique and Djibouti* and Consulates/Liaison offices in *Guangzhou*, Mumbai, Lagos, *Hargeisa and Kismayu among others*. Some of these are already in the Ministry's budget, without the requisite allocation from the National Treasury for operationalization. The amount allocated so far is not adequate to take care of these operations.		
	vi.The government approved the transformation of Foreign Service Institute into Foreign Service Academy which has not been operationalized due to lack of funding. Ksh. 2 billion is for acquisition of infrastructure, establishment of research center and Ksh. 500 million is working capital under recurrent to cater for training equipment and capacity building of trainers and researchers		
	vii.At the invitation of H.E. the President, Kenya will be hosting the Sustainable Blue Economy Conference, from 26th – 28th November, 2018. There is no allocation of funds in the 2018/19FY. The total cost of hosting the conference will be KShs. 800million.		
y y			
	viii.Some Audit Issues raised by the Auditor General		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	had not been resolved.		
	ix.The ministry strategy of acquiring properties abroad had not made any headway due to limited resources for capital spending. It was cost effective in the long run to own properties than rent a house for the ministry's operations.		
	iii. Ministry of East African Community and Northern Corridor Development		
	The ministry required enhanced budgetary allocation to operationalize its activities which came with its creation as new Ministry. Some critical budget lines which were not factored in the 2018/19 estimates amount to Ksh 406 million.	Ksh. 1,091,757,114 for the Ministry of East African Community and Northern Corridor Development, Vote 1221.	
		b) Proposed increase (Request for additional Resources) Ksh.406 million be sourced from elsewhere for the Ministry of East African Community and Northern Corridor Development for the critical activities not factored in the estimates	
	iv National Intelligence services		
13.	**ENVIROMENT AND NATURAL RESOURCES**		
	i. State Department for Water and Sanitation	a. Reallocation	**State Department for Water and Sanitation**
	1 . The water sector is funded heavily by donors, however donors look at conditions such as pay- back period, net positive value etc before financing the projects, hence the concentration of water projects in towns and urban areas, The	.i. Re-allocate Kshs. 150 million from Drilling of exploratory boreholes for Turkana and Marsabit under the Water Resource Management Programme as follows: - Ksh 110 million to Athi Water Services	National Water Harvesting Authority has a national mandate of bridging the gap between the demand and supply of water which is in line with our Constitution and Vision 2030.

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	government therefore needs to enhance funding towards rural water projects which do not attract donor financing.	Board as an additional funding towards the Nairobi City regeneration under the water and sewerage infrastructure development program. - Ksh 40 million to lake Victoria South water Service Board as an additional funding for the water Harvesting Program under the Water Sewerage Infrastructure Development.	There is therefore need to operationalize the mandate of the Authority as envisaged in the Water Act,2016
	2. The National Water Harvesting Authorityis undertaking only two projects for the FY 2018/2019. However, its mandate includes spearheading dam construction for water supplies and developing new, retaining existing and expanding bulk water supply service. It is observed that with the prevailing rainy season, the Authority has not demonstrated much activity in harvesting rain water. The Authority has also been experiencing governance issues as there is no Board in place and the CEO has been in acting capacity.	**ii**. Ksh 50 million re-allocation from Athi River Restoration Programme under the Water Resource Management Programme to Tana Athi Water Service Board as an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and Sewerage Infrastructure Development Programme. This is a project that covers Kajiado and Machakos Counties and has a 200 KM pipeline length from Mt. Kilimanjaro	There is need to have Muranga County under the jurisdiction of one Water Service Board to avoid duplication of services and overlaps of activities
	3. The Drilling of Exploratory Boreholes under the Water Resources Management Authority targets to drill boreholes in Turkana and Marsabit. This has been a continuous/ moving target under the State Department since the FY 2014/2015 with no tangible outputs. It further duplicates the ground water mapping project being implemented in the same area of Turkana.	**b. Request for additional funds.** - An allocation of Ksh 1 billion towards the last mile water connectivity across the county to provide clean, safe and adequate water for Kenyans. - An allocation of Ksh 500 million to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.	
	4. The Athi River Restoration Programme	- An allocation of Ksh 500 million towards	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	startedin 2015 to be completed in 2020, the programme has a total cost estimate of **Kshs. 2.5 billion** of which expenditure as at March 2018 is **Kshs. 27 million**. However, the Committee noted that the allocation for the project is not in tandem with the project targets, and the minimal allocation towards it is likely to lead to low output and missedtargets.	the Maua water & drainage project to settle the pendingbills.	
	5. Maua Water & Drainage Project started in 2015, andhasbeencompleted.However,thereisapending bill of **Kshs. 500 million** which needs to be repaid.		
	6. FloodControlandMitigationprojecthasan actual expenditure of **Kshs. 357 million** against a total cost estimate of **Kshs. 1.65 billion**. Due to erratic climatic conditions, there needs to be sufficient allocation towards construction of dykes in various parts of the country to mitigate against floods.		
	7. Northern Water Board is covering a large area of the North Eastern, parts of Rift Valley and upper Eastern. Since it does not attract donor funding for its projects, there is need to support the last mile connectivity(water)andmodelituptocaterforthe rural parts of the country.		
	8. Athi and Tana Water Service Boards both cover Muranga County. It has been noted that the two boards are not aligning their projects to avoid duplication of services		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	ii. Ministry of Environment and Forestry		
	1. The recommendations by the taskforce set up to look into forest management resources and logging in the country require to be addressed immediately; however, there is no provision of funds under the FY 2018/2019 to undertake theserecommendations.	**.a. Reallocation** Re-allocate Kshs. 450 million from the School Greening Program as follows:	The Committee recommends enhanced budgetary support to KEFRI to meet the increasing demand and considering the central role of research in development of forestry and allied natural resources.
	2. Currently the country has a forest cover ofabout 7% which is under threat of degradation. As such, Kenya Forest Service protection unit is grossly under staffed with a ratio of 1 forest ranger covering 1000 hectares of forest against the best practice of 1forest ranger to 400 hectares. To protect the current forest cover effectively, the Service would require hiring an additional 1,500 forest rangers at a cost of Kshs. 842 million per annum.	i. Ksh. 100 million to Urban Rivers Rehabilitation Project under the Environment Management and Protection Programme in the Ministry of Environment and Forestry. This is aimed at rehabilitating urbanrivers to restore their former pristinenature. ii. Ksh 150 million to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas	
		a.	
	3. The mandate of the Kenya Forestry Research Institute (KEFRI) is crucial in mitigating the problems of climate change. Further, the President while launching the National Tree Planting Day 2018 emphasised that the country must meet the 10% tree cover by 2022. However the current seed production is below the expected 360 million per year required to raise tree cover to 10% by 2022. In FY 2018/19 this activity has an allocation of **Kshs. 25 million**.In order to achieve the President's target, additional **Kshs. 670 million** is required.	b. iii. Iii Ksh. 160 million to Tana Water Service Board for rehabilitation of water supplies and last mile water connectivity. iv. Ksh. 40 million to Rift Valley Water Service Board a. rehabilitation of water supplies and last mile water connectivity	
	4. TheKenyaForestServiceandtheKenyaWate r Tower Agency have mandates that are	- Re-allocate Ksh. 100 million from the Community Livelihood Improvement Programme (CLIP) under the Forests and Water	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	overlapping. The Committee observed that there is need to encourage and enhance coordination within the Ministry by establishing a framework for the agencies working in the environmental and forestry sector to ensure that they effectively deliver their mandate withoutduplication.	Towers Conservation Programme to Imarisha Lake Naivasha Project under the Environment Management and Protection Programme to conserve and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.	
	5. From previous experience with the Green School programme the Committee has noted that the programme was not being implemented as planned, and therefore recommends that the funds towards this project be reallocated to anotherproject;	- Re-allocate Ksh. 50 million from the Mitigation and Management of Soil Loss under the Forests and Water Towers Conservation Programme to Nairobi River Rehabilitation Project under the Environment Management and Protection Programme towards the objective of rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.	
	6. Adaptation fund was established under theKyoto Protocol of the UN Framework Convention on Climate Change. NEMA has been accredited and financed to a tune of **Kshs. 1 billion**. The Programme is being implemented in 14 counties to respond to effects of Climate Change and will cover sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction. It is however noted that there is no budget provision within the NEMA budget for the FY 2018/2019.	**Request for additional funds** - Ksh 70.5 million for the operations of disseminating the weather products at the counties.	
	7. With the effect/impact of climate change, there is need to invest in better and modern weather forecasting and early warning systems to provide the Kenya Meteorological Department the	- .Allocate the Kenya Meteorological Department additional Ksh. 427.8 million to clear pending bills most of which were as a	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	capability to give accurate information on future erratic weather patterns to ensure effective adaptation and mitigation measures especially to avoid the damages caused by theflooding experienced in the country.The Department has madecommendable effortsin procuring weather forecasting equipment; however, it requires extra **Kshs. 56 million** for routine operation and maintenance of its equipment and systems across the country and a further **Kshs. 48 million** for securing and insuring these equipment.	result of budget cuts. The Department further requires Ksh. 56 million for Maintenance of Equipment and further allocation of Ksh. 48 million for securing and insuring the high cost equipment the department has invested in - The allocation of Kshs. 842.86 million for the recruitment of 1,500 forest rangers as part of the implementation of the recommendations by the taskforce	
	8. The KenyaMeteorological Department'simplementation of several projects under modernization of meteorological services is hampered by budget cuts across financial years which have contributed to pending bills of **Kshs.427.8 million**. The instruments and equipment are specialized and are custom- made at factory onrequest.	- .Ksh. 200 million to be allocated for purchase of land for the Medical Waste and Hazardous Waste Recycling Facility. The Government of Japan may withdraw the support to the project that is to be constructed by a grant that is extended to Government ofKenya;	
	9. The Government of Japan extended to the Government of the Republic of Kenya Development Assistance (ODA) Grants, of Kshs. 1.25 billion towards the Project of Medical Waste and Hazardous Waste Appropriate Processing Plant in Nairobi. However, the Government of Kenya is to provide for the land in which the facility is to be put up but there has been no allocation to the purchase of the landsince the FY 2015/2016.	- . Kshs 240 million to improve tree seed production capacity at KEFRI for the FY 2018/2019 to contribute towards meeting the 10% tree cover by 2022.	
	10. Waste disposal is not recognized as a land use hence limited or no land is set aside for waste		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	management. The Ministry of Environment and Forestry should work on a stand-alone legislation on waste management which will force the counties to comply to thestandards;		
	11. There is need to balance budgetary allocations to different sectors and invest in environment and forestry as it is a major pillar in achieving the country's vision 2030		
	iii. State Department for Mining		
	1.Thecommitteenotesthatwithabudgetary allocation ofKshs. 1.6 billionout ofwhich development budget is Kshs. 509 million, the State Department for Mining is grossly under-funded. The Department is currently contributing 0.9% to the G.D.P which is expected to increase to 10% by 2030. The mining sector is also the highest potential revenue earner for the country and it targets revenue collection of Kshs. 2.5 billion for the FY 2018/2019 from royalties. The committee further notes that with enhanced funding, the state department has the potential to achieve the 10% to GDP target before the year 2030	**Request for additional funds** The committee recommends unlocking the Kshs. 2,023,508,130donor funds to facilitate the National Airborne Geophysical Survey for mapping of the mineral resources in the country which will further enhance the state departments potential to reach the 10% contribution to the GDP before the Vision 2030 target	
	2The Department's budget ofKshs. 2,023,508,130which is a loan from the China Exim Bank to undertake the National Airborne Geo-physical Survey was withdrawn from the state department's budget. However, the Committee expressed its concern inthe lack offunding and thethe delay inimplementation of this project despite its importance	The committee recommends allocating adequate funds to the State Department for Mining which is expected to contribute 10% to the G.D.P before the year 2030.	
	v. State Department for Wildlife		
y	1. The Committee noted thatthelast ranger		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	recruitment by Kenya Wildlife Service was conducted in 2015 in which 1,200 rangers were recruited, however KWS requires 1,000 additional rangers.	**Request for additional funds**	
	2. The human wildlife conflict has been a major concern for the State Department with a current pending bill of Kshs. 6 billion in claims. However, the State Department has an allocation of Kshs. 525 million against a requirement of Kshs. 15 billion for the FY 2018/2019. In the FY 2017/2018, the State Department had an allocation of Kshs. 612 million.		- Provision of strategic water points in the rangelands tomitigate the Human Wildlife Conflict.
	3. There is a shortfall of Kshs. 884 million to implement the salaries and remuneration commission categorization, staff annual increment and medical scheme.	- Ksh 884 million for the implementation of SRC categorization, staff annual increment and medical scheme for the Department.	
	FINANCE AND NATIONAL PLANNING		
	i. The National Treasury	**a. Reduction**	
	a. It was observed that the revenue collection strategies that are set to be rolled out most likely will not yield the revenue to GDP ratio of 19.2 percent in the Medium term. The Committee noted that most strategies are premised on acquisition of new ICT Systems without revealing the potential benefits in termsofquantifiablerevenueincreaseattributableto each strategy.	i.A reduction of Ksh. 5 billion from the vote of the National Treasury from the Pensions Department (sub- vote no.1071001400)	
	b. It was pointed out that the target of reducing the Public Debt ratio from the current 53% to 45 % by end of 2018/19 as is indicated in the Programme Based Budget (PBB) is unrealistic. The Fiscal Consolidation strategies espoused was	ii. A reduction of Ksh. 828 Million from the vote of National Treasury sub-vote 1071007401 (Kenya Revenue Authority) to be reallocated as follows	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	felt lacks the conviction of reducing the public debt levels. The Committee was concerned that there is still persistent efforts to acquire more public debts (eg. Eurobond) that will stifle the achievement of this target.		
	c. The Committee was concerned that the National Treasury that should be at the forefront in prudent utilization of resources is not committed to austerity measures. This is attributed to the fact that there are significant increases (over 300% increases in some departments) in the proposed allocations in the non- core activities such as in Foreign travel and other travels costs and also in Printing, Advertising and information supplies and services. d.The Cashflow management by the National Treasury was pointed out to be still not sufficiently effective and efficient. The Committee was concerned that the National Treasury gets blamed by other Ministries/ Departments/Agencies and County governments for delays in exchequer releases, a fact that contributes to low absorption rates thereby impairing public service delivery. It was observed that unlike other Ministries and State departments, the National Treasury always appear before the Committee to submit on estimates without representations of the SAGAs (Semi-Autonomous Government Agencies) that fall under it such as KRA. This was felt do not give the Committee adequate room to interrogate other relevant policies of such Agencies	iii.Ksh. 12 Million on the vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic t ravel and subsistence and other transportation costs.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	ii.STATE DEPARTMENT FOR DEVOLUTION		
	a. That Pending Bills continue to be accumulated within this State Department. It was noted that the Department inherited huge pending Bills from the defunct Local Authorities (Ksh. 3.5 Billion) some of which accrue interest rate (at a rate of 15% per annum). The new programme of Integrated Regional Development (formerly under State Department for Planning) has also worsened the Pending Bills since it has several Development Authorities with various levels of PendingBills.	. The Committee recommends the total proposed allocation under the Ministry of Devolution of Ksh. 12,521,419,310	
	b.Delays in completion of projects within the Department was raised by the Committee. An example of such a project was the Kimira Oluoch irrigation scheme. The Committee pointed out that this has the implication of escalating costs associated with such projects besides stifling public service delivery.		
	c. Significant reduction in the Special Initiative programme from the Ksh.3 Billion in the current FY 2017/18 to a meagre Ksh.50 Million in the 2018/19. The Committee was concerned that this is coming at a time when incidences needing humanitarian interventions such as floods are in the rise. It was pointed out that this will nearly wipe out the noble programme that is necessary in assisting the victims of disasters.		
	iii.STATE DEPARTMENT FOR PLANNING	**Increase**	
	a.That the proposed allocations for the Census to be conducted are equally spread spanning to a		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	period after 2019		
	b.The Committee observed that the integrity of the last National Housing and Population Census was put to question and therefore the Committee was concerned whether the proposed allocation to the sub-program is adequate for sufficient preparations for remedial action so to enhance the integrity of the statistics that will be reported after the Census is concluded	i. Ksh 3.8 Billion to the State Department for Planning for the sub-vote of NGCDF to cater for the shortfall in view of the guiding three hold.	
	c. The Committee observed that the proposed allocations for the NGCDF in the FY 2018/19 is short of the prescribed thresh hold (2.5% of Ksh 1.369 trillion) which translates to Ksh 34.2 Billion. However, the proposed allocation of Ksh. 31.9 Billion includes Ksh.1.5 Billion that was an outstanding balance carried forward from previous years' allocations. The real allocation relating to this FY 2018/19 is therefore Ksh. 30.4 Billion. It therefore follows that there is a shortfall of Ksh.3.8 Billion in the proposed allocations.	ii. Ksh 1.8 Billion to the State Department for planningto cater for the finalization of the Mapping and other preparatory activities for the 2019 census. The sub-vote of	
	d.Delays in receipts of NG-CDF Funds: The Committee pointed out the persistent delays in receipts ofthe NG-CDF and the need for enhanced coordination between the Department and the National Treasury in processing the release of the funds was noted. Such delays result in late completion of the projects being funded by the Fund.	iii. .Ksh 600 Million to the State Department for planning to cater for the finalization of the Mapping and other preparatory activities for the 2019Census.	
	iv. COMMISSION ON REVENUE ALLOCATION	**Increases**	
	i. That the total proposed allocation reflects an overall increase of 8% from the baseline to a proposed	Ksh. 12 Million to Commission Revenue Allocation to Cater for Public Financial Management.	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	total amount of Ksh. 422.56 million where the Commission is expected to continue implementing the Inter-Governmental Transfers and Financial Matters. However, the resource requirement for the fiscal year under consideration was Ksh. 753 million, shortfall of 44 percent		
	ii. That the Commission is working on modalities including technical capacity and engagement with counties to improve local revenue performance, enhance automation and build fiscal prudence with a view to maximizing county fiscal potential and relevant legislation		
	iii. That the Members observed there is need for the Commission to improve to further improve		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	current strategies on dissemination of its output and engagement to inform all key stakeholders including the legislature at both levels.		
	iv. Thatthe criteria and intervention towards addressing marginalization focuses on counties unlike disadvantaged areas and as such is not comprehensive and inclusive addressing marginalization as envisaged in the Constitution.		
	v. That the Committee was informed of current efforts towards identifying marginalized areas using recent data disaggregated data at the lowest administrative/ establishment level possible with a view to generate areas that the Second marginalization Policy is to focus and that Commission is currently engaging all stakeholders.		
	i. The total proposed allocation reflects an overall increase of 25% from the baseline to a proposed total amount of Kshs. 618 million where the Controller is expected to continue implementing the Control and Management of Public Finances.	The committee recommends the proposed allocation for the Controller of Budget of Ksh. 618,470,000 be approved.	
	ii. The Controller of Budget Office absorption levels for the past three years of 2015/16, 2016/17 and 2017/18 stood at 98%, 97% and 73%.		
	iii. The Office continuestomonitor budget implementation at both levels of government and that there is improvement in absorption levels and use of revenue collection systems in most counties as well as remarkable reduction in foreign travel.		

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
	iv. Improved reporting through the quarterly reports on budget implementation and oversight by the Office. However, the Committee further noted that there were delays in submission and publication of quarterly reports on budget implementation slightly beyond the reporting timelines.		
	vi.SALARIESANDREMUNERATION COMMISSION	**Increases**	
	i. The total proposed allocation reflects an overall decrease of 11% from the baseline to a proposed total amount of Kshs. 542 million where the Commission is expected to continue implementing the Salaries and Remuneration Management Programme. The reduction is noted in most items under the recurrent budget as rationalization and mainly under contracted professional services.	Ksh. 228 Million to the Salaries and Remuneration Commission to cater for the following:-	
	ii. There is need for additional expenditure to accommodate extra expenditure needs on account of incoming Commissioners on full time basis and that there were engagements initiated with National Treasury on the same. However, the Committee observed that the engagement by the Commission with National Treasury is on-going.	i. Compensationtoemployees– Ksh. 15,607,720	
	iii. There is need for the Commission to adequately engage its stakeholders as per its mandate and in view of sustainable wage bill as well as ensuring fast-tracking of relevant laws and regulations.	ii. ii. Domestic travel and subsistence and other transportation costs – Ksh. 3,035,833	
		iii. iii. Foreign travel and subsistence and other	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
		transportation costs – Ksh. 4,886,501	
		iv. Rentalsofproducedassets– Ksh. 43,000,000	
		v. Training expenses – Ksh.16,500,000	
		vi. Hospitality supplies and services – Ksh. 15,780,684	
		vii. vii. Insurance costs – Ksh.3,500,000	
		viii. Specialized materials and supplies –Ksh. 212,500	
		ix. Office and General supplies and services– Ksh. 2,641,608	
		x. Fuel oil and lubricants – Ksh.3,700,000	
		xi. xi. Other operating expenses – Ksh.28,127,000	
		xii. Routine maintenance, vehicles – Ksh. 4,008,154	
		xiii. Routine maintenance, other assets – Ksh. 2,000,000 xiv.Refurbishment of buildings Ksh 20,000,000 xv.-Purchase of vehicles and other transport equipment Ksh 60,000,000 xvi-Purchase of office furniture and general	

	OBSERVATIONS	FINANCIAL RECOMMENDATION	POLICY RECOMMENDATION
		equipment Ksh5,000,000	