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REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

Paper Laid  
By Hon. Mutava Musiri  
Chair, B.A.C, on  
Thurs. 30.4.2015.  
(Afternoon)  
Mw



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**THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON  
THE HALF YEAR 2014/2015 FINANCIAL YEAR BUDGET  
IMPLEMENTATION REVIEW REPORT BY THE CONTROLLER OF  
BUDGET FOR  
2014/2015**

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APRIL, 2015

## PREFACE

**Mr. Speaker Sir,** As you are aware, Article 228 (6) of the Constitution requires the Controller of Budget to submit to each House of Parliament a quarterly report on the implementation of the national and county government's budget. Previous reports forwarded to parliament were tabled as follows;

- The first quarter Budget Implementation Review Report for the FY 2014/2015 was tabled on 2<sup>nd</sup> December 2014 while half year report for 2014/2015 was tabled on 10<sup>th</sup> March 2015

The Budget and Appropriation Committee has considered the 1<sup>st</sup> half Budget and Implementation Review Report for FY 2014/15 and I therefore, on behalf of the Committee, present to the House, the Committee's Report on the 1<sup>st</sup> Half 2014/15 Budget Implementation for the national government.

**Mr. Speaker Sir,** pursuant to section 7 (d) & (f) of the PFM Act and Standing Order 207 (3) the Budget and Appropriations Committee is mandated to:

- a) Monitor adherence by all arms of government and their entities to the principles of public finance and others set out in the constitution, and to the fiscal responsibility principles of the PFM Act.
- b) Examine the financial statements and other documents submitted to the national assembly and make recommendations to the national assembly for improving the management of Kenya's public finances.
- c) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the national budget.

In this regard **Mr. Speaker Sir,** the Budget and Appropriations Committee held two (2) sitting during which they discussed and examined the 1<sup>st</sup> half budget implementation review report from the Controller of Budget (CoB) and made a number of observations and recommendations which have been highlighted in this report.

**Mr. Speaker Sir**, the Budget and Appropriations Committee as currently constituted comprises of the following Members:-

- |                                     |                         |
|-------------------------------------|-------------------------|
| <b>1. Hon. Mutava Musyimi, M.P.</b> | <b>Chairperson</b>      |
| <b>2. Hon. Mary Emaase, M.P.</b>    | <b>Vice Chairperson</b> |
| 3. Hon. Alfred Sambu, M.P.          |                         |
| 4. Hon. Benjamin Langat, M.P.       |                         |
| 5. Hon. Charles Nyamai, M.P.        |                         |
| 6. Hon. Clement Wambugu, M.P.       |                         |
| 7. Hon. Jackson Kiptanui, M.P.      |                         |
| 8. Hon. Jamleck Kamau, M.P.         |                         |
| 9. Hon. John Mbadi , M.P.           |                         |
| 10.Hon. Mohamed Shidiye, M.P.       |                         |
| 11.Hon. Moses Lessonet, M.P.        |                         |
| 12.Hon. Moses Ole Sakuda, M.P.      |                         |
| 13.Hon. Nelson Gaichuhie, M.P.      |                         |
| 14.Hon. Abass Ahmed Ibrahim, M.P.   |                         |
| 15.Hon. Abdulaziz Farah, M.P.       |                         |
| 16.Hon. Alfred Agoi, M.P.           |                         |
| 17.Hon. Alice Ng'ang'a, M.P.        |                         |
| 18.Hon. Banticha Jaldesa, M.P.      |                         |
| 19.Hon. Benjamin AndolaAndayi, M.P. |                         |
| 20.Hon. Bitok S. Kirwa, M.P.        |                         |
| 21.Hon. Daniel Nanok, M.P.          |                         |
| 22.Hon. Dennis Kariuki, M.P.        |                         |
| 23.Hon. Dr. James. W. Nyikal, M.P.  |                         |
| 24.Hon. Dr. ReginaldaWanyonyi, M.P. |                         |
| 25.Hon. Dorcas Kedogo, M.P.         |                         |
| 26.Hon. Eng. Stephen Ngare, M.P.    |                         |
| 27.Hon. Fatuma Ali Ibrahim, M.P.    |                         |
| 28.Hon. Francis Njenga, M.P.        |                         |

- 29.Hon. Irshad Sumra, M.P.
- 30.Hon. Isaack Mwaura, M.P.
- 31.Hon. James Gakuya, M.P.
- 32.Hon. James Lusweti, M.P
- 33.Hon. Jared O. Opiyo, M.P.
- 34.Hon. Jonathan Lati Lelelit, M.P.
- 35.Hon. Joseph Limo, M.P.
- 36.Hon. KK Stephen Kinyanjui, M.P.
- 37.Hon. Makali Mulu Benson, M.P.
- 38.Hon. Moses Kuria, M.P
- 39.Hon. MuriukiNjagagua, M.P.
- 40.Hon. Mwashetani Khatib Abdallah, M.P
- 41.Hon. Omar Mwinyi, M.P.
- 42.Hon. Omondi George Mallan, M.P.
- 43.Hon. Patrick Ole Ntutu, M.P.
- 44.Hon. Peter Weru Kinyua, M.P.
- 45.Hon. Priscilla Nyokabi, M.P.
- 46.Hon. Samuel Gichigi, M.P.
- 47.Hon. Shukran Hussein Gure, M.P.
- 48.Hon. Silverse Lisamula Anami, M.P.
- 49.Hon. Suleiman Murunga Kasuti, MP
- 50.Hon. Tiyah Galgalo, M.P.

**Mr. Speaker Sir,** The Committee is grateful to the Office of the Speaker, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the support received as it discharged its mandate of reviewing the budget implementation report.

**Mr. Speaker Sir,**

It is therefore my pleasant duty and privilege, on behalf of the Budget and Appropriations Committee to table this Report and recommend it to the House for adoption.

Signed,



**HON. MUTAVAMUŠYIMI, MP**

**CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE**

**DATE      28TH APRIL 2015**

## I. OVERVIEW OF EXPENDITURE PERFORMANCE 2014/15

- 1) **Mr. Speaker Sir**, The total gross estimate for the National Government in the financial year 2014/15 budget was approximately **Kshs. 1.6** trillion composed of **Kshs 415.6** billion for Consolidated Fund Services, **Kshs 655.7** billion for National Recurrent Expenditure, **Kshs 486.1** billion for National Development Expenditure. **Kshs 23.1** billion for Parliamentary service commission and **Kshs 17.49** billion for Judicial Service commission.
- 2) **Mr. Speaker Sir**, the Committee noted from the Controller of Budget report that against a Gross estimate of approximately **Kshs 1.6** trillion for National Government expenditure only **Kshs 597.12 billion** was issued in the first half. This indicates an overall absorption rate of 37% of the total budgeted funds for the 1<sup>st</sup> half of the financial year and if the trend continues in the second half of the financial year, it's very likely that a high percentage of the budgeted funds will not be utilized.
- 3) **Mr. Speaker Sir**, out of the total funds released by exchequer **Kshs. 286** billion was for recurrent expenditure, **Kshs. 207.4** billion was for consolidated fund Service while **Kshs. 103.9** billion was for development expenditure.
- 4) **Mr. Speaker Sir**, the MDAs that received the highest exchequer issues in the period under review include; Teachers service Commission(**Kshs. 80.4** billion), State Department of Interior (**Kshs. 38.7** billion), Ministry of Defence (**Kshs. 31.6** billion), State Department of Science and Technology(**Kshs. 31.3** billion), and the State Department of Education(**Kshs. 24.5** billion)

## II. PERFORMANCE OF CONSOLIDATED FUND SERVICES

- 5) **Mr. Speaker Sir**, the total budget allocated to the Consolidated Fund Services (CFS) was **Kshs. 415.6** billion representing 25.4 per cent of the total Gross National Government budget estimates. The funds are meant to cater for: Public debt, salaries for constitutional office holders, pensions and gratuities to government pensioners, subscriptions to international organizations and guaranteed loans by the government.

- 6) **Mr. Speaker Sir**, during the period under review, overall expenditure was **Kshs 225.91** billion against a total exchequer issue of **Kshs. 207.44 billion** as indicated in the Controller of Budget report. Out of the total CFS release **Kshs 191.44** billion was for Public Debt, meaning that there was a high payment for public debt during the 1<sup>st</sup> half of 2014/15; this is normally a result of high expenditure demands and slow receipt of revenue.
- 7) **Mr. Speaker Sir**, Expenditure of 55.5% on public debt by the 1<sup>st</sup> half of the financial year may imply that more resources for the same account may be required during the supplementary. **Mr. Speaker Sir**, the expenditure on public debt for both domestic and foreign debt is higher than the amount issued for the same by Kshs 18.43 billion and therefore, the reconciliation of the same is required to explain the over-expenditure
- 1) **Mr. Speaker Sir**, Pensions and Gratuities recorded 44.3%, while salaries and allowances received 39.3% of the total allocation for the same in the CFS. Salaries are normally predetermined and expenditure of 28.3% in 1<sup>st</sup> half of the financial year is a clear indication that not all the funds set aside for the same will be utilized by the end of the financial year. The allocation may therefore be considered for reduction during the supplementary estimates.

### **III. PERFORMANCE OF THE RECURRENT BUDGET FOR 2014/2015 FINANCIAL YEAR**

- 8) **Mr. Speaker Sir**, The recurrent expenditure by MDAs in the 1<sup>st</sup> half of 2014/15 is **Kshs 274** billion against approved estimate of **Kshs 687.5** billion. State Department of East Africa Affairs utilized 61.1% of the gross estimates. Other key ministries with high allocations that utilized a substantial amount of allocated recurrent funds are Ministry of Defense (47%), Ministry of Health (46%), State Department of Science and Technology (37%), State Department for Education (36%) and the State Department for Interior (26%)
- 9) **Mr. Speaker Sir**, the State Department for Transport spent 8.4% (**Kshs 5.7** billion) of the allocated funds in the 1<sup>st</sup> half of the FY. Other key agencies that

spent less than 25% of the allocated funds are State Department for Livestock (9.4%), State Department for Coordination of National Government (15.4%), State Department for water and Regional Authorities (21.7%) and Ministry of Foreign Affairs and International Trade (23.9%).

- 2) **Mr. Speaker Sir**, The total exchequer released for recurrent expenditure in the first half of FY 2014/15 was **Kshs. 285.75** billion. This represented 45.7 per cent of the net estimates. **Mr. Speaker Sir**, further analysis shows that during this period, some MDAs got substantially high releases compared to others. State department for devolution got the highest disbursements at 92.4% of the net estimates. The high releases have however not been fully utilized. The funds were for implementation of devolution services and Special Initiatives Programme that has an absorption rate of 50% and 28.8% respectively.
  
- 10) **Mr. Speaker Sir**, the Independent Electoral Boundaries Commission (IEBC) also has a high disbursement of 88.9% of the allocated funds. IEBC spent Kshs. 1.20 billion out of the Kshs. 2.66 billion released by end of December 2014. **Mr. Speaker Sir**, other MDAs with exchequer issues higher than the estimated 50% in the first half of 2014/15 financial year include the presidency which had 60.9% of exchequer issues to net estimates, the Ministry of information and communication technology with 60.5% and the State department for planning with 58.6%.
  
- 11) **Mr. Speaker Sir**, despite the overall release for recurrent expenditure to MDAs being at 45.7% against the half year target of 50%, there are some MDAs with very low exchequer release. This low release of funds is likely to result to high percentage of funds being left unspent at the end of the financial year. **Mr. Speaker Sir**, it has also been observed that the amount issued to SRC, C.R.A, COB and Judicial service commission is less than 30% of net estimates. The salaries and remuneration commission was issued with 29.2% of the allocated funds, but according to the COB report, the agency had a higher expenditure than the funds issued. The same was noted with Controller of Budget with an expenditure of Kshs. 138.05 million against exchequer issue of Kshs. 108 million. This Indicates that the agencies may be getting funds outside

the Consolidated Fund Services or the COB report is not properly representing the releases from National Treasury.

- 12) **Mr. Speaker Sir**, the Commission for Revenue Allocation was issued with exchequer of 25.7% against the estimated 50% for the first half of the FY 2014/2015. **Mr. Speaker Sir**, despite the low exchequer issue, the agency still did not manage to utilize the funds issued. This could mean that the agency may be getting resources from other sources or the report is not a true reflection of funds utilized.
- 13) **Mr. Speaker Sir**. There was low reporting on the collection and utilization of funds from Appropriation in Aid (A-I-A) as per the COB report. **Mr. Speaker Sir** State department of Infrastructure, Transport and the State Department for Science and Technology were among the MDAs with high amount of resources expected from A-I-A but high incidences of none collection of the A-I-A was reported from the MDAs.

#### **IV. PERFORMANCE OF THE DEVELOPMENT BUDGET FOR 2014/15 FINANCIAL YEAR**

- 14) **Mr. Speaker Sir**, The development expenditure for 1<sup>st</sup> half 2014/15 by MDAs was **Kshs 129.2** billion against approved estimate of **Kshs 494.8** billion. State Department of Infrastructure had the highest expenditure for development funds at **Kshs. 24.6** billion. Other key MDAs that utilized a substantial amount of development funds include State department of Planning at **Kshs. 22.2** billion, and the State department of Transport at **Kshs. 22** billion
- 15) **Mr. Speaker Sir**, The National Treasury is among the MDAs that has a large proportion of development fund but spent the least proportion of the same at 5 per cent. Other Key MDAs that spent a small proportion of the allocated development fund include the State Department of Education at 11 per cent, Ministry of Energy and Petroleum at 13.3 per cent and Ministry of Health at 15.5 per cent

- 16) **Mr. Speaker Sir**, In the first half of the year, the exchequer releases to Ministries, Departments and Agencies (MDAs) for development expenditure was **Kshs. 103.9** billion representing 32.4 percent of the net estimates of **Kshs. 320.9** billion. **Mr. Speaker Sir**, donor disbursements in the form of loans and grants AIA was **Kshs 25.6** billion and **Kshs 4.84** billion against gross estimates of **Kshs 100.20** billion and **Kshs 41.4** billion respectively reflecting a poor performance of donor funds. **Mr. Speaker Sir**, The low percent disbursement rate for development expenditure indicates that by the end of the financial year the overall uptake of development funds will be low unless measures are put in place to improve the same.
- 17) **Mr. Speaker Sir**, It's noted that out of 36 MDAs with development funds only five had exchequer releases at 50% or above during the first half of the FY. These are State Department of Fisheries at 92.6%, Public Service Commission at 62%, Ministry of Energy and Petroleum at 56.9%, State Department for Devolution at 54.9%, and State Department for Agriculture at 53.8%.
- 18) **Mr. Speaker Sir**, there are some MDAs with high allocations for development expenditure but have however some of the lowest exchequer releases these include the State department for infrastructure with exchequer issues of Kshs. 17.6 billion against net estimates of Kshs. 59.02 billion, State department for planning with exchequer issues of Kshs. 18.1 billion against net estimates of Kshs. 50.55 billion, National Treasury with exchequer issues of Kshs. 3.47 billion against net estimates of Kshs. 24.4 billion and state department of Education with exchequer issues of Kshs. 2.1 billion against net estimates of Kshs. 20.25 billion

- 19) **Mr. Speaker Sir**, The highest expenditure category under development is transfer to government agencies which utilized 47.27% of the development expenditure. Infrastructure, civil works and refurbishment of buildings also utilized a high allocation at 37.87%. All the other categories utilized 14.7% of development fund allocation. The state department of infrastructure had the highest capital transfer expenditure of Kshs 24.7 billion of the total capital transfer expenditure of Kshs. 69.6 billion. State department for Planning spent Kshs 16.9 billion on capital transfers
- 20) **Mr. Speaker Sir**, just like the case in recurrent expenditure, the Controller of Budget Report does not indicate the amount of AIA collected or expended for development expenditure and only reports that there was low reporting by the MDAs on the collection and utilization of funds from AIA.

#### V. REVENUE PERFORMANCE FOR THE 1<sup>ST</sup> HALF 2014/2015 FINANCIAL YEAR

- 21) **Mr. Speaker Sir**, during the 1<sup>st</sup> half 2014/2015 financial year, the National Treasury realized a total of Kshs. 832.2 billion as exchequer revenue. Further analysis shows that, balance brought forward from the previous financial year (2013/2014) was Kshs. 140.6 billion and it constituted 16.9 per cent of the total revenue received in the 1<sup>st</sup> half of the FY. The tax income category was the key source of revenue having contributed 57.3 of the total revenue. **Mr. Speaker Sir**, revenue from the net domestic borrowing category amounted to Kshs. 107.9 billion contributing 12.9 per cent of the total revenue received in the period under review
- 22) **Mr. Speaker Sir**, Main tax heads such as import duty, Excise duty and PAYE under the ordinary revenue did not achieve the target. **Mr. Speaker Sir**, Other sources of revenue that underperformed include external grants with a performance of 24.6%. Performance of Appropriation in Aid was not reported by the Controller of Budget.

## **VI. RECOMMENDATION**

- 23) **Mr. Speaker Sir**, having considered the above matters, and to support the realization of prudent use of public funds, in addition to the recommendation made after the review of the first quarter report the Committee recommends the following:
- i. The committee has noted with concern the persisted low absorption of development funds. My Committee proposes to address this by recommending effective monitoring units in MDAs. Further to this, Project design should be completed before securing project implementation finances with accounting officers ensuring project implementers adhere to the set deadlines.**
  - ii. The Controller of Budget is required to approve request for withdrawals of public funds when satisfied that withdrawal is authorized by law as per Article 228(4) of the Constitution. However, there is no indication in the report of any request for withdrawal that the Controller of Budget might have rejected. The CoB in future should include the requests that may not have been honored.**
  - iii. The committee also recommended for more detailed information concerning Appropriation in Aid in particular for recurrent where in some cases no linkages were observed between expenditure and exchequer issues.**

**I beg to move.**

**MINUTES OF THE 16<sup>TH</sup> SITTING OF THE BUDGET AND  
APPROPRIATIONS COMMITTEE HELD ON TUESDAY, 28<sup>TH</sup> APRIL 2015,  
IN THE SMALL DINING ROOM, MAIN PARLIAMENT AT 11.00 AM**

**PRESENT**

- |  |                           |
|--|---------------------------|
| <b>1. Hon. Mutava Musyimi, M.P.</b>      | <b>- Chairman</b>         |
| <b>2. Hon. Mary Emaase, M.P</b>          | <b>- Vice Chairperson</b> |
| 3. Hon. Clement Wambugu, M.P.            |                           |
| 4. Hon. Jackson Kiptanui, M.P.           |                           |
| 5. Hon. Moses Lessonet, M.P.             |                           |
| 6. Hon. Moses Ole Sakuda, M.P.           |                           |
| 7. Hon. Ahmed I Abass M.P                |                           |
| 8. Hon. Hon. Alfred Agoi, M.P.           |                           |
| 9. Hon. Ali Fatuma Ibrahim, M.P          |                           |
| 10. Hon. Banticha Jaldesa, M.P.          |                           |
| 11. Hon. Benjamin Andola Andayi, M.P.    |                           |
| 12. Hon. Makali Mulu, M.P.               |                           |
| 13. Hon. Bitok S. Kirwa, M.P.            |                           |
| 14. Hon. Daniel Nanok, M.P.              |                           |
| 15. Hon. Dr. James Nyikal, M.P.          |                           |
| <b>16. Hon. Eng. Stephen Ngare, M.P.</b> |                           |
| 17. Hon. Francis Njenga, M.P.            |                           |
| 18. Hon. Irshad Sumra, M.P.              |                           |
| 19. Hon. James Gakuya, M.P.              |                           |
| <b>20. Hon. James Lusweti, M.P.</b>      |                           |
| 21. Hon. Jonathan Lelelit, M.P.          |                           |
| 22. Hon. Joseph Limo, M.P.               |                           |
| 23. Hon. Khatib Mwashetani, M.P.         |                           |
| 24. Hon. Muriuki Njagagua, M.P.          |                           |
| 25. Hon. Nelson Gaichuhie, M.P.          |                           |
| 26. Hon. Omar Mwinyi , M.P.              |                           |
| 27. Hon. Omondi George, M.P.             |                           |
| 28. Hon. Patrick Ole Ntutu, M.P.         |                           |
| 29. Hon. Peter Weru, M.P.                |                           |
| 30. Hon. Samuel Gichigi, M.P.            |                           |
| 31. Hon. Silverse Anami, M.P.            |                           |
| 32. Hon. Suleiman Kasuti, M.P            |                           |
| 33. Hon. Tiyah Galgalo, M.P.             |                           |
| <b>34. Hon. Florence Mutua, M.P.</b>     |                           |
| <b>35. Hon. Abdual Dawoodrahim, M.P.</b> |                           |

## **ABSENT**

1. Hon. Alfred Sambu, M.P.
2. Hon. Benjamin Langat, M.P.
3. Hon. Charles Nyamai, M.P..
4. Hon. Jamleck Kamau, M.P.
5. Hon. John Mbadi , M.P.
6. Hon. Mohamed Shidiye, M.P.
7. Hon. Alice Ng'ang'a, M.P.
8. Hon. Abdulaziz Farah, M.P.
9. Hon. Dennis Kariuki, M.P.
- 10.Hon. Dr. Reginalda Wanyonyi, M.P.
- 11.Hon. Isaack Mwaura, M.P.
- 12.Hon. Jared O. Opiyo, M.P.
- 13.Hon. KK Stephen Kinyanjui, M.P.
- 14.Hon. Moses Kuria. M.P
- 15.Hon. Priscilla Nyokabi, M.P.
- 16.Hon. Shukran Gure, M.P.

## **In attendance**

### **KENYA NATIONAL ASSEMBLY STAFF**

- |                          |                               |
|--------------------------|-------------------------------|
| 1) Ms. Lucy Makara       | - Parliamentary Budget Office |
| 2) Mr. Fredrick Muthengi | - Parliamentary Budget Office |
| 3) Mr. Benjamin Ngimor   | - Parliamentary Budget Office |
| 4) Mr. Joseph Ndirangu   | - Parliamentary Budget Office |
| 5) Ms. Yunis Amran       | - Parliamentary Budget Office |
| 6) Mr. Chacha Machege    | - Parliamentary Budget Office |
| 7) Mr. Erick Kanyi       | - Parliamentary Budget Office |
| 8) Mr. Abdinassir Moge   | - Parliamentary Budget Office |
| 9) Mr. Aden Abdi         | - Parliamentary Budget Office |

## **AGENDA**

1. Preliminaries / Confirmation of Agenda
2. Confirmation of the Minutes of the Previous Meetings.
3. Matters arising
4. Agenda:

- (a) *Adoption of the draft committee reports on the 1<sup>st</sup> quarter and half year Budget performance reports*
- (b) *Consideration of Bills and Motions referred to the Committee*
- (i) The Child Justice Bill, 2014 - Hon. Millie Odhiambo ,MP
  - (ii) The Kenya Youth and Women Empowerment (Uwezo Fund) Bill, 2014 - Hon. Kangogo Bowen, M.P
  - (iii) The Parliamentary Pensions Amendment Bill,2014 - Hon. Wafula Wamunyinyi, M.P
  - (iv) Motion - Paying former Civic Leaders gratuity – Hon. John Waluke, M.P
  - (v) Motion - Setting up ICU and blood transfusion unit in all constituencies - Hon. Rahim Dawood,M.P
  - (vi) Sexual offences (Amendment) Bill, 2015– Hon. Florence Mutua, M.P
- (c) **Committee’s Resolutions On Other Legislative Proposals And Draft Motions Earlier Considered**
- i. Vetting of Judges and Magistrates (Amendment) Bill by Hon. Chepkonga, MP
  - ii. The Health Records and Information Mangers Bill by Hon. Agostino Neto, MP:
  - iii. The Biomedical Engineering Bill by Hon. Stephen Mule, MP:
  - iv. The Kenya National Examination Council (Amendment) Bill by Hon. Mohamed Shidiye, MP:
  - v. The Constitution of Kenya (Amendment) Bill by Agostino Neto, MP:
  - vi. Motion for Provision of Clean tapped water in all public facilities and especially public primary schools by Hon. Andrew Mwadime, MP:

5. Any Other Business

**MIN. NO. 16/1 /2015: PRELIMINARIES**

The meeting started with a word of prayer at 11.20 am. The Chairman welcomed all present to the meeting and thanked them for finding time to attend. The Chairman extended a warm welcome to a new member of the Committee Hon. Ahmed Abass. The Committee then confirmed the agenda of the meeting.

**MIN. NO. 16/2/2015: ADOPTION OF THE BUDGET AND APPROPRIATIONS COMMITTEE REPORTS OF THE FIRST QUARTER**

**AND FIRST HALF BUDGET IMPLEMENTATION REVIEW REPORT BY  
THE CONTROLLER OF BUDGET FOR 2014/2015**

The Committee noted with concern the persistent low absorption especially of development funds by most ministries and departments. The Committee agreed that there is need for procurement plans to be prepared in the onset of budget implementation by ministries and that this has been factored in the revised Public Procurement and Disposal Bill. Further, there was need for effective monitoring units in all Ministries and Departments to address the absorption issues.

The Committee also noted that there was scanty information on the Appropriations-in-Aid (AiA) collected by ministries. There is need for the Controller of Budget to provide more information in the report on the performance of AiA by ministries.

The Committee proposed that the report be table to the House.

**MIN.NO. 16/3 a /2015: CONSIDERATION OF THE MOTION TO ENSURE  
THAT THE GOVERNMENT SETS UP AN INTESIVE CARE UNIT AND  
BLOOD TRANSFUSION UNIT IN EVERY CONSTITUENCY BY HON.  
ABDUL RAHIM DAWOOD, MP**

The Chairman welcome the proposer of the motion and allowed the proposer and the Parliamentary Budget Office to make their presentations before the Committee. The proposer thanked the Committee for the invitation and reiterated the importance of setting up an ICU and a blood transfusion unit in every county.

The Committee noted that implementation of the motion will occasion high expenditures and the demand for the ICUs may not warrant construction of one in each and every constituency. It was also noted that the hospitals at constituency levels also lack other crucial amenities like operating theaters which are more demanded. Further, the national government is already taking into consideration provision of ICU equipment to two medical facilities in each county.

The Committee agreed that there was need for the blood transfusion units in each constituency since this will also be important for other operations. The operating theaters are also crucial for constituency level hospitals. However, the ICU units should only be provided at County level. The Committee recommended that the motion be published with the above amendments.

**MIN.NO. 16/3b /2015: CONSIDERATION OF THE SEXUAL OFFENSES (AMENDMENT) BILL BY HON. FLORENCE MUTUA, MP**

The Chairman welcome the proposer of the motion and allowed the proposer and the Parliamentary Budget Office to make their presentations before the Committee. The proposer thanked the Committee for the invitation and highlighted the plight currently faced by sexual victims. The proposer further indicated that despite the Sexual Offenses Act being in operation, it has not been fully implemented due to a number of gaps. The amendment sought to address these gaps.

The Committee noted that the amendment sought to set up special units in all police stations that deal with sexual offenses. It also proposes to include sex education in school syllabus to promote comprehensive public awareness on sexual offenses. The Committee acknowledged the importance of the amendment in the light of recent sexual offenses in the country and the gaps created by the current law.

However, it raised concerns with the practicability of having special sexual offenses units in police stations indicating that the current gender desks are not operational. Further, the police are not professionals in handling medical issues raised from sexual offenses. There is need to reconsider the setting up of these units in hospitals and not police stations.

The Committee also noted the high cost of incorporating the sex education syllabus in the school curriculum. Concerns were raise on the effect that it may create in future years.

The Committee agreed that the proposer should relook at the law to ensure all matters are well harmonized and gaps cleared for proper implementation of the law. It agreed that the amendment bill be published with the above amendments.

**MIN.NO. 16/03c /2015 : CONSIDERATION OF THE AMENDMENTS TO THE RETIREMENTS BENEFITS (DEPUTY PRESIDENT AND DESIGNATED STATE OFFICERS) BILL, 2013**

The Chairman indicated that the Committee had made deliberation on the above amendments with both proposers, the Hon. John Mbadi, MP and the Hon. Aden Duale, MP. The Chairman indicated that the Committee had also received comments on the proposed amendments from the National Treasury. These comments were then reviewed and presented to the Committee.

The Committee noted that the National Treasury did not concur with any of the amendments by the two proposers. In its memorandum to the Committee, the National Treasury noted that the Clause 3 that was proposed for variation by the two proposers was put in order to control expenditures. The National Treasury also indicated the need to delete the definition 'Designated State Officers' since it may give room for other such state officers to claim benefits under this law. Further, the National Treasury indicated that the offices of the Prime Minister and Vice President do not exist in the current Constitution and thus would be preferable for them to be included in a transition clause of the bill and not on the Clause 3.

The Committee concurred with the advice from the National Treasury and recommended further amendment to the bill as proposed by the National Treasury.

### **MIN.NO. 16/04/2015: Committee's Resolutions On Other Legislative Proposals And Draft Motions Earlier Considered**

The Chairman indicated that the following five (5) legislative proposals and one (1) draft motion had already been deliberated by the Committee and were awaiting their recommendations. The Committee deliberated and noted as follows:

- i. **Vetting of Judges and Magistrates (Amendment) Bill by Hon. Chepkonga, MP:** The Committee noted that the amended sought to extend the timeframe of the board to enable it to vet all chief magistrates and principal magistrates. The Committee recommended that the amendment be published as presented.
- ii. **The Health Records and Information Managers Bill by Hon. Agostino Neto, MP:** The Committee noted that the legislative proposal sought to create a board that will oversee the operations of health records managers. The Committee noted that over the last two years, several legislative proposals relating to the operations of the various professional fields in the health sector have been referred to it. The Committee recommended that the proposal be published with amendments to ensure the board to be created should not source funds from the exchequer. It further recommended that a comprehensive health bill that will take care of all professional fields in the health sector be fast tracked.
- iii. **The Biomedical Engineering Bill by Hon. Stephen Mule, MP:** The Committee noted that the legislative proposal sought to create a board to oversee the operations of practitioners in the biomedical engineer's field. The

Committee recommended that the proposal be published with amendments to ensure the board to be created should not source funds from the exchequer. It further recommended that a comprehensive health bill that will take care of all professional fields in the health sector be fast tracked.

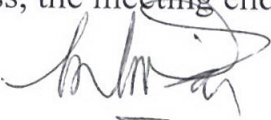
- iv. **The Kenya National Examination Council (Amendment) Bill by Hon. Mohamed Shidiye, MP:** The Committee noted that the proposed amendment seeks to prohibit the Kenya National Examination Council (KNEC) from setting and conduction Kenya Certificate of Primary Education (KCPE) examinations. The Committee noted the high cost that would result from the bill and recommended that it should not be published.
- v. **The Constitution of Kenya (Amendment) Bill by Agostino Neto, MP:** The Committee noted that the legislative proposal seeks to amend the Constitution to provide for the realization of gender balance in public appointments and elective positions.
- vi. **Motion for Provision of Clean tapped water in all public facilities and especially public primary schools by Hon. Andrew Mwadime, MP:** The Committee noted that the motion would occasion high expenditure but its benefits to the Nation in the long run will outweigh the costs. The Committee indicated the need for a clear framework on how these public facilities will be provided with tapped water to be included in the motion. The Committee recommended that the motion be published with the above amendment.

**MIN.NO. 16/05/ : Any Other Business (AOB)**

- a. Invitation to members by the Institute of Certified Public Accountants of Kenya (ICPAK) to a stakeholders workshop to review implementation of the Capital Gains Tax on 7<sup>th</sup> – 9<sup>th</sup> May 2015 at the Sarova Whitesands Hotel, Mombasa.
- b. Letter by the **International Centre for Policy and Conflict** on the **Unconstitutionality** of allocating Kshs 38 Billion to the Constituency Development Fund (CDF) for Financial Year 2015/16 with reference to the High Court of Kenya Judgement delivered on 20<sup>th</sup> February 2015.

- c. Letter by the Kenya Red Cross request for 2015/16 Budgetary support and are willing to appear before the committee at its convenience either in Parliament buildings or host the Committee at the Boma Hotel
- d. Invitation to members by the **Salaries and Remuneration Commission** to a stakeholder's workshop on the draft public sector remuneration and benefits policy.
- e. Letter by the National Council For Persons with Disabilities for consideration of Supplementary Budget on their 2014/15 Budget seeking funding of Kshs. 297,499,000

There being no any other business, the meeting ended at 2.00 pm.

  
Signed.....

(Hon. Mutava Musyimi, M.P)

Date..... 29.4.15