REPORT BY THE COUNTY BUDGET AND APPROPRIATION COMMITTEE ON THE KISUMU COUNTY FISCAL STRATEGY PAPER, 2016

TO BE PRESENTED ON TUESDAY

15TH MARCH, 2016

BY

HON. WILLIS OGONYO MINDEU, CHAIRPERSON.
8. The County Treasury shall publish and publicise the County Fiscal Strategy Paper after it has been submitted to the County Assembly.

9. The County Executive Committee member with the approval of the County Assembly shall set a limit on the County Government Expenditure on wages and benefits for its public officers pursuant to Section 107 (2) of the PFM Act.

10. The limit set under 9 above shall not exceed 35% of the County Government’s total revenue.

11. The County Public Debt shall never exceed 20% of the County Government’s total revenue at any time.

12. The County actual expenditure on development shall be at least 30%.

The PFM Regulation 2015 further states that the fiscal framework in the County Fiscal Strategy Paper shall contain:

a) Updated forecasts expressed in Kenya Shillings for the current budget year and in three further years and actual results for the previous years for the consolidated County Government budgets for:
   i) Level of budgetary revenues by classification of the main categories of revenues
   ii) Level of budgetary expenditures by economic and functional classifications
   iii) Capital expenditures
   iv) The overall balance and primary balance position
   v) Level of County public debt
   vi) Sensitivity analysis taking account of possible changes in macro-economic and other conditions

Madam/Mr Speaker, Standing Orders number 206 (3) states that “upon being laid before the County Assembly, the County Fiscal Strategy Paper shall be deemed to have been committed to each sectoral committee without question put, for each such committee to deliberate upon according to their respective mandates and make recommendations to the Budget and Appropriations Committee”. While Standing Order 206 (4) and (5) requires that the sectoral committee table a report containing recommendations and the recommendations of their reports are compiled and tabled to the Assembly for approval. Consequently, the Kisumu County Fiscal Strategy Paper, 2016 was laid before this House on 1st March, 2016 and committed to sectoral committees accordingly to act upon it within seven days and give its recommendations to the
PREAMBLE

Madam/Mr Speaker Section 117 of Public Finance Management Act (PFM), 2012 spells out the legal framework on how a County Fiscal Strategy Paper is prepared. This is also reinforced by our standing Order 206 and the Public Finance Management Regulations 2015.

We highlight the following stages of preparation of the County Strategy Fiscal Paper:

1. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved fiscal strategy paper to the County Assembly, by the 28th February of each year.
2. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the budget policy statement.
3. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term.
4. The county Treasury shall include the Financial Outlook with respect to County Government’s revenues, expenditures and borrowing for the coming financial year and over the medium term in the fiscal paper.
5. In preparing the County Fiscal Strategy Paper the County Treasury shall seek and take into account the views of:
   i) The commission on Revenue allocation
   ii) The Public
   iii) Any interested persons or groups, and
   iv) Any other forum that is established by legislation.
6. Not later than fourteen (14) days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments.
7. The County treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposals for the financial year concerned.
PREFACE.

Under Standing order No. 187(1) there shall be a select committee to be known as the County Budget and Appropriations Committee and the functions of the committee under S.O 187 (3) shall be as follows:

1. Investigate, inquire into and report on all matters related to the coordination, control and monitoring of the County budget

2. Discuss and review the estimates and make recommendations to the County Assembly

3. Examine the County Budget Policy Statement presented to the County assembly

4. Examine Bills related to the County budget, including appropriation Bills

5. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays

COMMITTEE MEMBERS

1. Hon. Willis Ogonyo Mindeu Chairperson
2. Hon. Caroline Agwanda Vice chairperson
3. Hon. James Dianga Member
4. Hon. Isaya Omwango Onyango Member
5. Hon. Petronilla Achieng Omondi Member
6. Hon. Samuel Onyango Ong’ow Member
7. Hon. Caroline Owen Member
8. Hon. Edwin Anayo Member
9. Hon. Maurice Ondiek Member
10. Hon. Charles Aguko Member

COMMITTEE STAFF

1. Peter Anditi Committee Clerk
2. Hesbon Odhiambo Sergeant at Arms
Budget and Appropriations Committee on 8th March, 2016. (See Annexure 1). However, this has not been complied with by all the sectoral committees except Health, Planning and Finance.

**SECTORAL COMMITTEES RECOMMENDATIONS**

1. **Recommendations from Planning, Housing and Industrialization**
   
   That, a total of Ksh 174,852,020/- be included in the ceilings for the construction of ward development offices in the 35 electrol wards within Kisumu County.

2. **Recommendations from Health Services Committee**

   An allocation of One Hundred and Fifty Million (Ksh 150,000,000) be provided to the Community health workers as monthly stipend

   An allocation for new recruitment of 300 health workers be provided in the FY 2016/2017 ceilings

3. **Observations and Recommendations from Finance Committee**

   The Committee made the following observation on the fiscal strategy paper pg 24 & 25 for Fiscal Outturn July-December 2015

   i) The County did not receive Ksh 8, 290M from DANIDA grants

   ii) The County did not receive Ksh 169,308M for level 5 conditional grant

   iii) The County did not receive Ksh 61,891M for maternal health care

   iv) The County did not receive Ksh 47,887M conditional allocation for leasing of medical equipments

   v) The County performed dismally in local revenue collection where a total of Ksh 406,215M as at December 2015 giving a wide variance of Ksh 528,070M

   The committee made the following recommendations

   i) The County should consider full automation of the County Revenue collection

   ii) Data base for all the public vehicles plying within the county should be established

   iii) The County should exploit new revenue streams

   iv) The people charged with revenue collection should be trained

   v) The revenue collectors should be subjected to lifestyle audit by the executive

   vi) That the county should stop out of revenue consumption

   vii) The inspectorate team/department should reinforce revenue collection
2. The locally generated revenue be increased by 12.5% same as the grant by the national government for the FY 2016/2017

3. A total of Ksh 174,852,020/- be included in the ceilings for the construction of ward development offices in the 35 electoral wards within Kisumu County for FY 2016/2017

4. An allocation of One Hundred and Fifty Million (Ksh 150,000,000) be provided to the Community health workers as monthly stipend and a further allocation for new recruitment of 300 health workers be provided for in the FY 2016/2017 ceilings.

5. That the County Assembly ceiling be pegged on 7% of the total revenues for FY 2016/2017 which is Ksh 602,595,543 Million

6. Ward development funds be factored in the ceilings FY 2016/2017 as provided for in the Kisumu County Ward Development Fund Act, 2015

I beg to move.

Signed By

Honourable Willis Ogonyo Mindeu