

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY  
(FIRST SESSION)

NCCA/TJ/PL/2022(16)

10<sup>th</sup> November, 2022

PAPER LAID

SUBJECT: COMMITTEE REPORT

Pursuant to Standing Order 135, I beg to lay the following Paper on the Table of this Assembly, today Thursday 10<sup>th</sup> November 2022.

**THE 1<sup>ST</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE,  
BUDGET AND APPROPRIATIONS ON NAIROBI CITY COUNTY  
APPROPRIATIONS BILL, 2022.**

*(Chairperson, Select Committee on County Finance, Budget and Appropriations)*

Copies to:  
The Speaker  
The Clerk  
Hansard Editor  
Hansard Reporters  
The Press



*Paper laid by Adalo  
Chair Budget, Hon  
on 10/11/2022  
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COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY – FIRST SESSION

1<sup>ST</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS

ON

THE NAIROBI CITY COUNTY APPROPRIATION BILL 2022

*Paper laid by  
Chair: Hon Odalo on  
10th Nov, 2022*

NOVEMBER 2022

## 1. PREAMBLE

**Mr. Speaker Sir**, the provisions of Article 224 of the Constitution decree that on the basis of the enacted Division of Revenue Bill passed by the Parliament under Article 218, each County Government shall prepare and adopt its own annual budget and appropriation bill in form, and according to the procedure in an act of Parliament. The provisions of the Public Finance Management (PFM) Act, 2012 provide further guidelines for preparation and consideration of any budget estimates and their latter day document in terms of the Appropriation Bill. The import of the Bill is to provide legal basis for withdrawal and utilization of any amounts contained in the approved budget document.

To support this expansive mandate, the provisions of Standing Order 205 establishes the Nairobi City County Assembly Finance, Budget & Appropriations Committee with a specific mandate among which is to:

- a) *Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget;*
- b) *Discuss and review the estimates and make recommendations to the County Assembly;*
- c) *Examine the County Fiscal Strategy Paper presented to the County Assembly;*
- d) ***Examine Bills related to the county budget, including Appropriations Bills; and***
- e) *Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlay*

**Mr. Speaker Sir**, the County Assembly Finance, Budget & Appropriations Committee comprises of the following 23 Members: -

1. **Hon. Wilfred Oluoch Odalo, MCA** – **Chairman**
2. **Hon. Emily Oduor, MCA** – **Vice Chairperson**
3. Hon. Jeckoniah Onyango, MCA
4. Hon. Robert Mbatia, MCA
5. Hon. Catherine Apiyo Okoth, MCA

6. Hon. Moses Ogeto, MCA
7. Hon. Jane Muasya, MCA
8. Hon. Redson Otieno Onyango, MCA
9. Hon. Asli Muhamed, MCA
10. Hon. Rosemary Masitsa, MCA
11. Hon. Perpetua Mponjiwa, MCA
12. Hon. Collins Ogenga, MCA
13. Hon. Fathiya Abdillahi Mohamed, MCA
14. Hon. Sam Kago, MCA
15. Hon. Anthony Ngaruiya Jasho, MCA
16. Hon Paul Ndungu, MCA
17. Hon Ciciliah Wairimu Njathi, MCA
18. Hon Waruguru Kanyi, MCA
19. Hon Joyce Kamau Muthoni, MCA
20. Hon Waithera Chege, MCA
21. Hon Anthony Kiragu, MCA
22. Hon Mark Mugambi, MCA
23. Hon Susan Makungu, MCA

### **Examination of the Appropriations Bill 2022**

**Mr. Speaker Sir**, the consideration of this Bill was undertaken under very stringent and constrained circumstances and timelines. It is based on these background that the Committee dedicated the whole of Wednesday 9<sup>th</sup> November 2022 thereby invoking the provisions of Standing Orders and requested the Hon. Speaker to allow it sit during plenary hours.

During the consideration of this Appropriation Bill, the Finance, Budget and Appropriations Committee held sittings to review and discuss the published Bill during which the Committee was taken through the realignments that had been made to the approved budget to ensure that the Bill is responsive to the realities within the County. Further, the Committee held deliberations with the officers from the Nairobi

County Executive and also received submissions from the Office of the Clerk of the County Assembly.

**Acknowledgment**

**Mr. Speaker Sir**, the Committee is sincerely grateful to: -

- a) Offices of the Clerk and the Speaker for the support received throughout this process;
- b) Officers from the County Executive, led by the County Executive Committee Member for Finance and the County Secretary, who appeared the Finance Committee for the purposes of making submissions on the estimates and the Bill;
- c) Members of the Finance, Budget and Appropriations Committee who dedicated their time to ensure that the task of reviewing the Bill alongside the estimates is done diligently and within the limited statutory timelines; and
- d) The County Assembly Budget Office who continually provided guidance to the Committee on the Bill.

**Mr. Speaker Sir**, it is therefore my utmost privilege and distinct honor on behalf of the Committee to table this report on the Nairobi City County Appropriations Bill, 2022 and recommend it to the Assembly for adoption.

Signed.....

Date...10/11/2022.....

**Hon. Wilfred Oluoch Odalo, MCA**

**Chairman: Finance, Budget and Appropriations  
Committee**

## II. SCRUTINY OF THE NAIROBI CITY COUNTY APPROPRIATION BILL, 2022

### 2.1. Background Information on the approved budget for the FY 2022-23, Vote on Account and Appropriations Bill 2022

1. **Mr. Speaker Sir**, at the sitting of the Second County Assembly held on Wednesday 22<sup>nd</sup> June 2022, approval was granted for the FY 2022-23 totaling Kshs. 38.32billion consisting of Kshs. 26.98billion for recurrent and Kshs. 11.35billion for development expenditures, an amount that was to be geared towards the operations of the Nairobi City County Government, the Nairobi Metropolitan Services and the County Assembly.
2. **Mr. Speaker Sir**, while granting the authority the County Assembly was fully alive to the that the year 2022 was an electioneering year, a time when the elected representatives were legally bound to face their electorates for the purposes of renewing their terms of office. Based on this, the County Assembly sought to safeguard the County resources for use by the Third Government by relying on the provisions of Section 134 of the PFM Act, 2012 which dictate that in special circumstances the County Assembly may grant leeway for the County Government to withdraw from the County Revenue Fund amounts not exceeding 50% of the submitted budget estimates. The approval by the County Assembly, the law anticipates, should be undertaken based on a Vote of Account Schedule laid before the County Assembly.
3. Therefore, **Mr. Speaker Sir**, the County Assembly granted an approval to the tune of Kshs. 13.49billion meant for the purpose of meeting expenditure necessary to carry on the services of the Nairobi City County Government and County Assembly during the financial year ending on the **30<sup>th</sup> June 2023** until such a time as the Appropriations Act for the financial year 2022-23 comes into operation. The Vote on Account as passed did not contain the allocations meant to jumpstart the various development activities in order to enable the Third County Government

enough legroom to consider and accommodate her priority areas.

4. **Mr. Speaker Sir**, Country Government having finalized the transition period, this Assembly is hereby called upon to consider the Nairobi City County Appropriation Bill, 2022 with an aim of facilitating the full access to the amounts intended in the annual budget for the FY 2022-23. It is noteworthy that this consideration has been undertaken at a time when most of the County's fiscal dynamics have shifted with special mention being the lapse of the Deed of Transfer of Functions, change in the financial objectives, time having dipped almost five months into the financial year and the takeover by a new implementing regime of the budget as approved.

## 2.2. Summary of Adjustments in the Appropriation Bill 2020

5. **Mr. Speaker Sir**, the consideration of this Appropriation Bill has been undertaken in the full glare of the legal infrastructure provided by the provisions of Sections 108, 129 (7), 134 and 154 of the Public Finance Management Act, 2012. Emphasis is given to the provisions of Section 108 of PFM Act, 2012 which provides that, *“if there is a change of county government, the new county government may deviate from the financial objectives in a County Fiscal Strategy Paper but may not deviate from the fiscal responsibility objectives.”*. It cannot be gainsaid that the contemporary circumstances under which this Bill and the corresponding budget have been considered perfectly fit within the above legal realm.
6. **Mr. Speaker Sir**, on the overall expenditure side of the budget, there are a number of adjustments which shift the quantum in the Bill away from the figures in the budget as approved by the previous County Assembly. The overall recurrent budget has been increased by Kshs. 673million while the development budget has been enhanced by Kshs. 613million. Great shifts are witnessed in Finance and Economic Planning Sector where the recurrent budget has been enhanced by Kshs.374.4million, the Education Sector budget has been enhanced by Kshs.328million while the Public Service Management has seen a budget increase of Kshs.838million. The losers included the Trade Sector which saw a reduction of Kshs. 65.65million and the County Assembly at Kshs.218million. **Mr. Speaker**



**Sir**, therefore after the deviations the proposed budget stands at Kshs.39.61billion consisting of Kshs.27.65billion for recurrent expenditure and Kshs.11.96billion for development expenditure. The County Assembly budget is proposed at Kshs.3.49billion with an amount totaling to Kshs.1.62billion being towards recurrent activities and Kshs. 1.86billion towards development activities.

7. **Mr. Speaker Sir**, On the revenue side of the budget, the second County Assembly approved a total resource envelope of Kshs. 38.33billion consisting of Kshs. 19.25billion as equitable share of revenues, Kshs. 18.28billion as internal revenue collection and Kshs.800million as projected bank balances carried forward from the FY 2021-22. The County Treasury has through this Appropriation Bill adjusted upwards the County resource kitty by Kshs.1.286billion. This has occasioned by the inclusion of resources earmarked as conditional grants including World Bank- THS of Kshs 87.49million, DANIDA of Kshs. 35.37million, ASDSPII grant of Kshs.36.64million and accrued (Road Maintenance Levy Fund) RMLF from previous financial years of Kshs.1.127billion. With the proposed changes in the resource framework, the submitted Bill and the corresponding budget document are balanced. That notwithstanding, the Committee still remains doubtful that unless robust measures are employed and efforts doubled, the internal revenue targets contained in the budget books may just be summed up as wishful thinking.

8. **Mr. Speaker Sir**, on review of the proposed adjustments to the approved budget as contained in the Bill it is noted that the Deed of Transfer of Functions from the Nairobi City County Government to the National Government is expected to lapse by the 24<sup>th</sup> day of this month hence the need to ensure fiscal continuity of the functions that were transferred. In this regard, the Bill has realigned the allocations for the originally transferred functions and created individual votes together with their respective programmes. However, the Bill has retained the recurrent vote for the Nairobi Metropolitan Services being the amounts that have been utilized by the agency in the current financial year. The Committee has informed the County Executive that there is need for the NMS to submit to the County Assembly information on how they utilized the Kshs. 5.24billion during

the Vote on Account period.

9. Additionally, **Mr. Speaker Sir**, on review of the individual votes contained in the budget that informs the Appropriation Bill, the Committee noted that there is a proposed upward revision of the recurrent component for the Inspectorate services by Kshs. 620million to which the County Executive explained that the same had been occasioned by the absorption of newly recruited 810 inspectorate officers from the defunct Nairobi Metropolitan Services. The Committee was taken aback that the open door policy employed towards former staff of the NMS without a proper staff audit and cleansing has the likelihood of making the County backtrack on its measures to reduce the allegedly bloated workforce. In the same breadth the Committee was concerned that such measures are not in the concurrence with the public pronouncements on taming the spiraling wage bill that currently gravitates around 41% of the County's total revenues.
10. **Mr. Speaker Sir**, the issue of pending bills remains a thorn in the flesh of the County Government and solutions need to be found now rather than later. During the consideration of this Bill the Committee learnt that the annual allocation for settlement of pending bills was placed at Kshs. 100million, a figure that has been enhanced by Kshs. 4million but Kshs. 99million had been utilized at the time of reviewing the Bill. The County Treasury in response to the concern on the limited resources set aside for settlement of pending bills noted that the County Treasury was operating in a limited fiscal space that could not allow full accommodation of all pending obligations. They submitted that the amounts owed to current suppliers of goods and services by the County Government excluding NMS stood at about Kshs. 4billion and the individual Sectors were encouraged to squeeze the same in their respective budgets. The Committee concluded by encouraging the Sectors, specifically, the Wards Development Fund to work with the County Treasury on a framework that ensures that completed ward projects are paid for even as new ones submitted by the Members of the Third County Assembly are initiated and finalized. Another critical sector that the Committee conceded that needed to be paid close attention is the Legal Department whose allocations were about to get depleted less than six months into the financial year.

11. **Mr. Speaker Sir**, during the consideration of the ADP for 2022-23 the previous Finance Committee decried how the plan, as it then was, was littered with various requests and allocations for purchase of vehicles, leasing of vehicles, fueling of such vehicles and maintenance of the same. It was the view of the Committee that the comfortability of County staff and management should not ring-fence resources thereby crowding out critical issues of service delivery. During the consideration of this Bill the Committee noted that there was an allocation of Kshs. 152.5million for leasing of vehicles, Kshs. 262.3million for fueling and lubricants and Kshs. 120million for maintenance of motor vehicles under the Transport Sector. The Committee emphasized to the County Secretary that any intended leasing of vehicles should be preceded by a comprehensive asset audit to determine the fleet profile that the County is expected to receive from the NMS post the lapse of the transfer period.

12. **Mr. Speaker Sir**, the import of the bursaries towards supporting the plight of the indigent students and pupils in our wards needs no introduction. Review of the budget supporting the Appropriation Bill 2022 indicated that there is proposed increase for bursaries for Secondary Education from Kshs. 257.5million to Kshs. 515million while that for Primary Education is proposed to increase from Kshs. 382.5million to Kshs. 510million. Whereas the submitted budget indicated that substantial amounts of these resources had been utilized, the Education Sector informed the Committee that commitments had been made but no resources had been spent hence the newly elected Members were each guaranteed of bursary forms worth Kshs. 6million. Under Education Sector the Committee was informed that the Sector has planned for construction of 10 central kitchens with full rollout of the school feeding programme expected to kickstart in the coming financial year.

13. **Mr. Speaker Sir**, the County Assembly is a great ally of the staff of the County Government and it is for this reason that the County Assembly has been in the forefront in supporting that any staff dismissal be undertaken within the tenets of the law, statutory deductions be remitted in a timely manner, salaries be paid in time, staff be facilitated with the necessary working tools including uniforms and good offices. In the review of this Bill, the Committee noted that there a number

of initiatives aimed at boosting staff morale and productivity including introduction of Voluntary Early Retirement Programme, Car loan and mortgage for staff, purchase of uniforms, renovation of offices, purchase of vehicles as well as medical insurance. On the issue of medical insurance, the Committee noted that any attempt to increase the allocation for medical insurance should be guided by facts and figures on the number of staff as well the need to ensure that the County Government improves the status of all County health facilities for the benefit of all Nairobians. It was the view of the Committee that whereas the proposed increase of the medical insurance cost by Kshs. 1 billion compared to what the County paid in FY 2019-20 prior to the transfer of functions, has its attendant benefits, the same cannot be undertaken oblivious of the greater county priorities.

14. **Mr. Speaker Sir**, the provisions of County Allocation of Revenue Act dictates the overall recurrent budget that can be allocated to any County Assembly thereby limiting the demands that can fit into any such budgets. During the consideration of this Bill the Clerk to the County Assembly submitted to the Committee details of the rationalized budget for the County Assembly taking into account the changes that have occurred in the course of the current financial year. It is noteworthy that whereas annual County Allocation of Revenue Acts provide the recurrent ceilings of County Assemblies, the Senate foresaw scenarios where the budgets for the Assemblies stood the risk of not being fully funded by the end of a financial year thereby making the ceilings approved just abstract. To cure this, through the County Allocation of Revenue Act 2021, amendment was done to Section 130 of the Public Finance Management Act, 2012 to require that any unspent amounts of the County Assembly recurrent budget form part of the subsequent appropriation or supplementary appropriation bill, whichever the case. In this regard, the County Assembly has proposed to increase its recurrent budget by Kshs. 200million consisting of pending bills who requisitions were not fully processed by the end of the previous financial year.

### III. RECOMMENDATIONS

15. **Mr. Speaker Sir**, having reviewed the Appropriations Bill, 2022 the Committee recommends that the following adjustments be made in the approved budget for the FY 2022-23 and effected in the Appropriation Bill as contained in the amendments schedule attached: -

- a) That the revenue figures be adjusted as proposed.
- b) That the recurrent allocation for the County Public Service Board be increased by Kshs. 10million.
- c) That under the Public Service Management the allocation for Medical Insurance (Vote 2210910) be reduced by Kshs. 400million.
- d) That under the Public Works, Transport and Infrastructure Sector, the allocation for Rent of Vehicles (vote 2210601) be reduced by Kshs. 130million and the allocation for Refined Fuel and Lubricants for Transport (vote 2211201) be reduced by Kshs. 70million.
- e) That the allocation for Disaster Response and Recovery be increased by Kshs. 100million to take care of emergency response.
- f) That the allocation for pending legal obligations be increased by Kshs. 300million to be allocated as follows:-
  - Kshs. 100million under the Legal Department
  - Kshs. 200million under the Finance and Economic Planning Sector
- g) That the allocation for Foreign Travel under the Finance and Economic Planning Sector be increased by Kshs. 50million.
- h) That the recurrent allocation for Trade, Commerce, Tourism and Co-operatives be increased by Kshs. 20million for pending bill related to the following “Consultancy for profiling SMEs Capacity in Nairobi City County”
- i) That the recurrent allocation for Contracted Guards and Cleaning Services under the Environment Sector be increased by Kshs. 100million.

- j) That the recurrent allocation for Ward Development Projects be increased by Kshs. 20million.
- k) That the overall budget be rationalized accordingly to reflect those changes.

**Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 108, 129 (7), 134, 154 of the Public Finance Management Act 2012 and Standing Order 228 the Select Committee on County Finance, Budget and Appropriations recommends that:**

**“This County Assembly adopts the Report of the Select Committee on County Finance, Budget and Appropriations on the Nairobi City County Appropriations Bill, 2022”**

**SCHEDULE: COMMITTEE STAGE AMENDMENTS TO THE APPROPRIATION BILL,  
2022**

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Notice is given that the Hon. Wilfred Oluoch Odalo, the Chairperson of the County Assembly Select Committee on Finance, Budget and Appropriations, intends to move the following amendments to the Nairobi City County Appropriation Bill, 2022, (Assembly Bill No. 7) at the COMMITTEE STAGE-



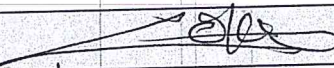
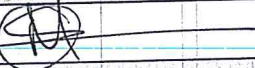

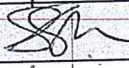
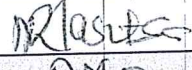
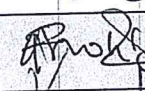

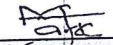
1) The First Schedule of the Bill be amended as follows -

- a) In Vote R5317 under the Service on General Administration Planning and Support Services by deleting the supply of 1,144,711,401 and substituting thereof with the supply of 944,711,401.
- b) In Vote No. R5317 by deleting the Total Supply of 1,548,355,966 and substituting thereof with the Total Supply of 1,348,355,966.
- c) In Vote R5320 under Service on Public Service Transformation by deleting the supply of 1,895,613,094 and substituting thereof with the supply of 1,495,613,094.
- d) In Vote No. R5320 by deleting the Total Supply of 2,757,487,898 and substituting thereof with the Total Supply of 2,357,487,898
- e) In Vote R5311 under the Service on General Administration Planning and Support Services by deleting the supply of 111,339,056 and substituting thereof with the supply of 121,339,056.
- f) In Vote No. R5311 by deleting the Total Supply of 111,339,056 and substituting thereof with the Total Supply of 121,339,056.
- g) In Vote No. R5312 under the Service on Disaster Management and Coordination by deleting the supply of 260,943,380 and substituting thereof with the supply of 360,943,380.
- h) In Vote No. R5312 under the Service on Management of Legal Affairs by deleting the supply of 170,860,917 and substituting thereof with the supply of 270,860,917.
- i) In Vote No. R5312 by deleting the Total Supply of 4,245,777,792 and substituting thereof with the Total Supply of 4,445,777,792.

- j) In Vote No. R5314 under the Service on Public Financial Management by deleting the supply of 1,038,752,316 and substituting thereof with the supply of 1,288,752,316.
- k) In Vote No. R5314 by deleting the Total Supply of 1,698,893,823 and substituting thereof with the Total Supply of 1,948,893,823.
- l) In Vote No. R5319 under the Service on Trade Development and Market Services by deleting the supply of 89,455,116 and substituting thereof with the supply of 109,455,116.
- m) In Vote No. R5319 by deleting the Total Supply of 342,030,975 and substituting thereof with the Total Supply of 362,030,975.
- n) In Vote R5323 under Service on Environmental Management and Protection by deleting the supply of 1,470,182,484 and substituting thereof with the supply of 1,570,182,484
- o) In Vote No. R5323 by deleting the Total Supply of 2,137,476,589 and substituting thereof with the Total Supply of 2,237,476,589.
- p) In Vote R5325 under Service General Administrative Services by deleting the supply of 52,778,256 and substituting thereof with the supply of 72,778,256
- q) In Vote No. R5325 by deleting the Total Supply of 52,778,256 and substituting thereof with the Total Supply of 72,778,256.



We the undersigned Members of the Finance, Budget and Appropriations Committee affirm that this is the approved report of the Committee on the Nairobi City County Appropriation Bill 2022 as adopted by the Committee on the 10<sup>th</sup> day of November, 2022

| NAME   | SIGNATURE  |
|--|--|
| 1. Hon. Wilfred Oluoch Odalo, MCA - Chairman |    |
| 2. Hon. Emily Oduor, MCA - Vice Chairperson  |    |
| 3. Hon. Jeckoniah Onyango, MCA               | J/O  |
| 4. Hon. Robert Mbatia, MCA                   |  |
| 5. Hon. Catherine Apiyo Okoth, MCA           |    |
| 6. Hon. Moses Ogeto, MCA                     |    |
| 7. Hon. Jane Muasya, MCA                     |  |
| 8. Hon. Redson Otieno Onyango, MCA           |    |
| 9. Hon. Asli Muhamed, MCA                    |    |
| 10. Hon. Rosemary Masitsa, MCA               |   |
| 11. Hon. Perpetua Mponjiwa, MCA              | PMO  |
| 12. Hon. Collins Ogenga, MCA                 | C.O.O  |
| 13. Hon. Fathiya Abdillahi Mohamed, MCA      |  |
| 14. Hon. Sam Kago, MCA                       |  |
| 15. Hon. Anthony Ngaruiya Jasho, MCA         | A.N.J  |
| 16. Hon Paul Ndungu, MCA                     | P.N  |
| 17. Hon Ciciliah Wairimu Njathi, MCA         | C.W.N  |
| 18. Hon Waruguru Kanyi, MCA                  | W.K.   |
| 19. Hon Joyce Kamau Muthoni, MCA             | JMK.   |
| 20. Hon Waithera Chege, MCA                  |  |
| 21. Hon Anthony Kiragu, MCA                  |  |
| 22. Hon Mark Mugambi, MCA                    |  |
| 23. Hon Susan Makungu, MCA                   | S.M  |

