

COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

FIRST ASSEMBLY - FOURTH SESSION

REPORT OF THE SELECT COMMITTEE ON BUDGET AND
APPROPRIATIONS

ON

THE NAIROBI CITY COUNTY SUPPLEMENTARY ESTIMATES FOR THE FY
2015/16

APRIL 2016

*Paper laid by the
Chairperson
Committee on
Opposite Hon. M
Floor to the Assembly
on Tue 26/4/16
Assembly
Plenary
26/4*

Mr. Speaker Sir, the functions of County Assemblies and specifically how those devolved units are supposed to undertake their oversight responsibility is anchored in the Constitution and the subsidiary legislation, the County Governments Act 2012. One of the issues that any legislative arm of government overlooks is the way the County utilizes the funds at her disposal with specific emphasis to how there have considerations of public interest and value for money in such endeavors. It is based on this understanding the Public Finance Management Act (PFM), 2012 details the processes through the counties undertake their budget oversight duty. In these subsidiary legislation, the County Assemblies have the powers to determine and indeed dictate issues related to resource mobilization, resource allocation, monitoring and control. In fact, **Mr. Speaker**, Article 221 of the Constitution anticipates the formation of a committee to steward oversight over public finances.


Consequently, Nairobi City County Assembly Standing Order 187 establishes the 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 Budget & Appropriations Committee comprises of the following 19 Members:

1. **Hon. Michael Okumu, MCA**
2. **Hon. George Ochola, MCA**
3. **Hon. Catherine Akoth, MCA**
4. **Hon. Caroline Muga, MCA**
5. **Hon. Magdalene Mbogori, MCA**
6. **Hon. Osman Ibrahim, MCA**
7. **Hon. Jackson Kiama, MCA**
8. **Hon. Kenneth Thugi, MCA**
9. **Hon. David Kairu, MCA**
10. **Hon. Fredrick Obenge, MCA**

Chairman
Vice-Chairman

- 
- 11.Hon. Herman Azangu, MCA
 - 12.Hon. Helen Katangie, MCA
 - 13.Hon. Jane Muasya, MCA
 - 14.Hon. Peter Isuha, MCA
 - 15.Hon. Isaac Ngige, MCA
 - 16.Hon. Ngaruiya Chege, MCA
 - 17.Hon. Samuel Irungu, MCA
 - 18.Hon. Bernadette Wangui, MCA
 - 19.Hon. Victoria Alali, MCA

Mr. Speaker Sir, pursuant to the provisions of section 135 of the PFM Act, 2012 this Supplementary Budget for the FY 2015/16 was laid on the table of the Assembly. Having been duly laid in line with the underpinning legal provisions, and line with the County Assembly Standing Orders 206, 207 and 215, the Estimates were committed to each Sectoral Committee to deliberate upon in line with their respective mandates and report back to the Budget and Appropriations Committee for further action. It is expected that in this scrutiny of the supplementary estimates, the Sectoral Committees would inquire from the Sector Heads on the rationale for the expenditure changes.

Examination of the Supplementary Estimates

In the course of the deliberations on the Supplementary Estimates for FY 2014/15 the Budget Committee held a total of five (5) sittings, in which officers from the County Treasury and representative of the Accounting Officer for the County Assembly were invited to explain to the Committee the rationale for the proposed adjustments. The Budget Committee is hence happy to confirm to this house that both arms of government were accorded the opportunity to explain to the Committee their proposed amendments to the 2015/16 approved budget.

Acknowledgment

Mr. Speaker Sir, as has been said, the Standing Orders require the Sectoral Committees to consider the Supplementary Estimates and report back to the Budget and Appropriations Committee. To this end the Committee is grateful to the various Sectoral Committees that presented their submissions which have formed critical part of this report.

Mr. Speaker, I would like to thank Members of the Budget and Appropriations Committee for their dedication, untiring commitment and valuable contributions. It is because of their hard work that we have been able to effectively review the 2015/16 supplementary budget estimates.

Mr. Speaker Sir, the Committee is grateful to the Office of the Speaker and the Office of Clerk of County Assembly for the support received as it discharged its mandate of reviewing the Supplementary Estimates. Further, the Committee would wish to pay special recognition to the Fiscal Analysts who helped the Committee unpack and make sense of the figures. Finally the Committee would equally wish to commend all Members of the County Assembly who participated in this process.

Mr. Speaker Sir, It is therefore my pleasant duty and privilege, on behalf of the Budget & Appropriations Committee to table this report and recommend it to the Assembly for adoption.

Signed.....

Date.....28/4/18.....

Hon. Michael O. Okumu, MCA

Chairman, Budget and Appropriations Committee

SCRUTINY OF THE NAIROBI CITY COUNTY SUPPLEMENTARY ESTIMATES FOR THE FY 2015/16

A. 2015/ 16 SUPPLEMENTARY BUDGET

1. **Mr. Speaker Sir**, in the approved budget estimates for the FY 2015/16 the County Assembly had granted the various accounting officers authority to spend a total of Kshs. 30.8billion out of which Kshs. 19.8billion was meant for recurrent expenditure and Kshs.11billion for development initiatives. In the approved estimates the County had anticipated to direct Kshs. 1.23billion towards debt repayments with substantial amounts being further earmarked for Ward development projects, garbage collection, as well as enhancing the legislative process of the County Government.
2. **Mr. Speaker Sir**, the County Treasury submitted this supplementary budget as a means of addressing dynamics that it has been able to encounter in the process of implementing the budget for the FY 2015/16. However, it is important that we emphasize that supplementary budgets should not be one of those documents that we plan long enough in the budget cycle. In fact, the Budget Committee has underscored the need for the County Treasury to always try as much as possible to come up with the most realistic budgets in order to reduce many of these midway reviews.
3. **Mr. Speaker Sir**, one of the main reasons why this County Assembly exists is to keep track of policies being pursued by the County Executive and to confirm that they are in the best interest of the larger population. Over the past two financial years the County has been focused on reengineering the revenue collection potential by introducing various methods including e-payment, structuring of the revenue administration as well as improving the accountability mechanisms. The Budget Committee during its scrutiny of these estimates noted that there was substantial improvement on our revenue generation compared to a similar period last year. As at end of March 2016 the County had collected about Kshs. 10billion from internal source of revenue compared to a target of about Kshs. 17billion. As the Budget Committee noted in the previous Supplementary Budget, it remains a reality that the County may not achieve the revenue targets by the end of the financial year hence the need to amend the budget to fit within

the intended revenue projections. The Budget Committee continues to decry the slow pace at which the Finance Sector has been dealing with various challenges affecting revenue collection thereby hampering the seamless budget implementation. It was alarming to note that the challenges that have been hampering optimal collection of revenue like numerous court cases challenging county charges, difficulties associated with digital payment platforms among other inherent challenges have not conclusively addressed almost three years after they were first flagged out. On the positive side though the Committee was informed that the equitable share has been trickling down as per work plan. Whereas the Budget Committee once again wishes to commend the National Treasury for being faithful to the undertaking of funding the County Governments, we wish to request them to remit the amounts due for user fees forgone with equivalent zeal.

4. **Mr. Speaker**, the Supplementary Budget for the FY 2015/16 has therefore revised revenues and expenditure forecasts to Kshs. 29billion. The Budget Committee during its deliberations with the County Treasury reached consensus that the revised budget as presented was still not in conformity with other numerous prevailing realities and not based on tangible data. The Budget Committee would hence be recommending a further review in the revenue figures to ensure that we fund all our pending commitments to the end of the financial year and that we do so within a realistic and achievable budget estimate.

B. COMPLIANCE OF THE 2015/16 SUPPLEMENTARY ESTIMATES WITH THE PREVAILING LEGISLATION

5. **Mr. Speaker Sir**, once again it is imperative to to remind Members that supplementary budgets are prepared to provide for unforeseen changes and to realign the budget to realities experienced in its implementation. Section 135 (1) and (2) of the Public Finance Management Act, 2012 empowers a County Government to spend money that has not been appropriated if the amount set aside for any particular purpose under the County Appropriations Act is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated under the Act. This, the act says, must then be followed with a supplementary budget in support of the same. These submissions have been done in line with these legal provisions.

6. **Mr. Speaker Sir**, the role of the new PFM Architecture is to open up the budget process and make it as simple as possible. It is anticipated that any proposed budget policy would be accompanied with befitting explanations to enable policy makers to make decisions on the proposals contained therein. As Members many recall, we said during a similar period last year that the budget process in the new dispensation is is not anticipated to be a puzzle which only a few can unravel. The provisions of Section 135 (3) as well as Standing Order 215 (2) require that the Supplementary Estimates be accompanied by explanations of how the additional expenditure being requested is related to the fiscal responsibility principles and financial objectives. It is the anticipation in law that the supplementary budget shall be linked to the County Fiscal Strategy Paper which sets the overall financial objectives for the County and reasons shall be given for deviation, if any, from the financial objectives. The Budget Committee wishes to commend the County Treasury for having heed the advice of this County Assembly and submitted a self-explanatory narrative on the circumstances that have led to the making of this supplementary budget.
7. However, **Mr. Speaker Sir**, the Budget Committee notes that supplementary budgets should not form first point of redress whenever sectors identify priority areas that were not provided for in the approved estimates. In fact, the PFM Regulations require that any requests for funding should be accompanied with explanations as to why the supplement required is necessary and why the same could not fit within the voted provision. This provision urges sectors as much as possible to live within the approved estimates and avoid the penchant for additional funds which most of the time are never available.
8. **Mr. Speaker Sir**, the provisions of Section 135 of the PFM Act, 2012 allow the accounting officers to spend not more than 10% of the amounts appropriated by the County Assembly for a specific vote in any financial year. The Committee learnt during its scrutiny of these estimates that this provisions had not been adhered to by nearly all sectors begging the question on how the requisitions are made. It is the understanding of the Budget Committee, and in line with the provisions of Section 154 of the PFM Act, that any reallocations in the budget require the approval of the County Treasury. The Committee therefore remained unpersuaded on why the County Treasury may have allowed these sectors to spend more than allowed within the statutory guidelines. It is also

noteworthy that all of these over-expenditures were done in recurrent vote with Hospitality Supplies and Services leading where over ten departments exceeded the approved item limits. Whereas the quoted provisions of the law allow for budget reallocations, the submitted budget was not program based making it difficult for the Committee to determine how those reallocations affect the overall program budgets. However, the County Treasury confirmed to the Budget Committee that the excess votes had not been spent at the time of submitting this supplementary estimates and therefore they were additional funds being sought. Having considered the submissions therefore, the Budget Committee was persuaded that the additional funds being sought were done in consonance to the guiding laws.

9. **Mr. Speaker**, if there is anything that has come out very clearly during the scrutiny of the County Fiscal Strategy Paper for the FY 2016/17 and the Supplementary Estimates for the FY 2015/16, it is the fact that the PFM Regulations 2015 have far reaching effects on the budget preparation and budget approval going forward. The regulations have gone to great extent not only to limit the introduction of new programmes in the supplementary estimates but to overally define what cannot be considered at the supplementary level. The Regulations are explicit that these budgets are meant to cover for unforeseen and unavoidable circumstances and in cases where there was no voted provision. The regulations have gone further to define the application of the terms unforeseen and unavoidable and stated that they exclude expenditure that although known when finalizing the estimates of the original budget could not be allocated within allocations as well as tariff adjustments and price increases. The Committee noted in this supplementary budget that not much attention was paid to this regulation while preparing these supplementary budget. Apart from attempting to introduce completely new programmes against the quoted provisions of law, the estimates also included issues of price adjustments as a basis for requesting additional funds. The Committee has considered the proposals and would be making appropriate recommendations.

10. **Mr. Speaker Sir**, we once again wish to remind Members that the provisions of Section 135 (4) of the Act requires that approval of the County Assembly for any additional spending be sought within two months from the date of the first withdrawal. However, it was the difficult for the Committee to determine whether

this provision had been complied with since there were no accompanying withdrawal memoranda to detail when actually the amounts were spent. The Committee therefore recommends that these particulars be submitted in any subsequent supplementary budget.

11. **Mr. Speaker Sir**, the introduction of Program Based Budgeting was expected to among others lighten the burden of identifying outputs in various budgetary allocations. Program Based Budgeting is meant to ensure that budgetary allocations are only done to programmes with specific, measurable, achievable and time-specific targets and outcomes. In this framework, every unit budgetary allocation should influence the overall output for which the money is earmarked making it easy to track how changes in spending would influence service delivery. The PFM Regulations have gone ahead to expound on this requirement and state that any supplementary request should contain an analysis of the fiscal impact, if any, of the planned outputs and outcomes of the affected programmes. This program-based analysis was lacking in this budget therefore giving a big room for guess-work on how the proposed alterations, if approved, would affect the programmes we had undertaken to pursue through the 2015/16 budget. The Committee hence recommends that any budget document submitted in future and which is not in a program-based format be considered inadmissible. On this occasion however, the County Treasury submitted to the Committee a summary of the program based budget.

C. AREAS OF SIGNIFICANT DEVIATION FROM THE 2014/15 BUDGET

12. **Mr. Speaker Sir**, we have said in this Assembly a number of times that the supplementary budget is not a tool for the County to introduce completely new programmes at the expense of ongoing projects. The Budget Committee while combing through these estimates noted that there had been great attempt to ensure that they are restricted only to the projects that were earlier approved in the 2015/16 budget. However, there were a few areas with significant deviation from the approved budget and these include:

a) County Assembly

13. **Mr. Speaker Sir**, this County Assembly approved a total budget of Kshs. 30.9 billion out of which Kshs. 1.69 billion was to be utilized by the County Assembly Service Board for various recurrent expenses and development undertakings. In the approved budget, there had been an allocation of Kshs. 144 million for development projects mainly to be directed towards construction of committee rooms, refurbishment of offices, and purchase of various security equipment among others.

14. **Mr. Speaker Sir**, to enable Members keep track on how the allocations for the County Assembly have changed over time it is important to remind Members that the issue of renovation of County Assembly Chambers was started in the FY 2013/14 with an initial allocation of Kshs. 462 million. As is the norm in any other government entity that relies on exchequer releases, the County was faced with cash flow problems leading to an actual expenditure of Kshs. 40.96 million. The amounts for renovation were once again budgeted for in the FY 2014/15 with the allocation being rationalized downwards to Kshs. 320 million. In the FY 2014/15 the vote performed better than in the previous financial year leading to an actual expenditure of Kshs. 120.25 million. From the foregoing, whereas it is conspicuous that the County Assembly Service Board has faced a number of liquidity challenges on funding its development activities, it has done its best to ensure that progress is made under the clearly very difficult circumstances. In the two financial years therefore, the County Assembly has only been able to access Kshs. 162 million from the County Treasury leading to a financing deficit of more than 50%.

15. **Mr. Speaker Sir**, as Hon. Members may remember, in the financial year 2015/16 there was no allocation for renovation of the Chambers requested by the County Assembly Service Board. Further as Members may recall, on Tuesday 3rd March 2015 following a directive from the Chair, the Budget Committee held discussions with the County Executive Committee Member for Finance, the Clerk to the County Assembly and the Controller of Budget with an aim of finding a lasting solution to the financial distress facing the County Assembly at the time. In the meeting, it was agreed that the County Executive Committee Member for Finance shall remit the amounts due to the County Assembly consistently and diligently. This position, the Committee was informed during its deliberations on these supplementary estimates, was further emphasized during

meetings between the Executive Committee Member and the County Assembly Service Board. This brief history, **Mr. Speaker**, provides a snapshot of activities that have led us to this point where the County Assembly Service Board has tabled these supplementary estimates for consideration.

16. Further, **Mr. Speaker Sir**, the Committee was informed during these deliberations that there was over-absorption of travel costs, hire of conference costs and sports activities thereby calling for upward review of the respective votes. The budget presented therefore aimed to align the budget to the changes in demand that would foster the proper working of the County Assembly. The Committee therefore agreed that the requested expenditures by the County Assembly Service Board are necessary and therefore should be granted.

17. The Budget Committee continues to encourage all Sectors and indeed all Sectoral Committees to follow the good practice of the County Assembly Service Board of identifying savings within their approved budgets and reallocating the same before seeking any additional funding. During this undertaking, the Committee was informed that there had been savings in a number of areas including house allowances that are projected to fall due to SRC advice that the new allowances be implemented in stages, the underperformance of sitting allowances, the reduction in leave allowance and failure to implement enhanced NSSF contributions. **Mr. Speaker Sir**, the Committee reiterates that this is a good budgeting practice that should at least be adopted by all Sectors.

b) Revising the Revenues

18. **Mr. Speaker Sir**, as was the case in the previous financial years, the Assembly approved the 2015/16 budget before the Senate and the National Assembly could approve the County Allocation on Revenue Act, 2015. This made it difficult for the County Treasury to capture the actual figure for the national transfers on the budget before submitting it to the County Assembly for approval. This supplementary budget is meant to capture the actual figure approved in the supplementary budget.

19. **Mr. Speaker Sir**, further the supplementary budget was prepared in over nine months into the financial year when the performance of revenues had been

correctly accessed. These estimates are hence aimed at ensuring that our budget is realistic and revenue projections as much as possible achievable.

c) Development Vote

20. **Mr. Speaker Sir**, the Budget Committee wishes to remind this Assembly that the main reason why Kenyans flocked to polling stations in 2010 to rubberstamp the new Constitution and set rolling the process of devolution was the untiring belief and hope that this would decentralize development to all parts of the Country. It was indeed the concern of the Budget Committee that the issue had not been properly dealt with in the Supplementary Estimates. In its consideration of the estimates the Committee noted that most development expenditures have been rationalized downwards. This should not be the direction we are taking as County where we allocate huge funds for salaries and less for development programs.

c) Increased Cost of County Services and Activities

21. **Mr. Speaker**, in perusing the revised estimates members may notice that there has been a drastic increase in the recurrent budget for various programmes that the County intends to undertake in the remainder of the current financial year. One of those costs that have risen include the cost of garbage collection, medical insurance, overtime and staff upgrading. The Committee noted that all these were good initiatives that would have the net effect of making the County a city of choice to invest, work and live in. However, the Committee was concerned that the cost of garbage collection has been on a steady increase over the past three financial years with an initial allocation of about Kshs. 300million, the figure is projected to rise to Kshs. 655million in these supplementary estimates. Further the documents submitted to the Committee by the Sector indicate the Sector requires in excess of Kshs. 900million to ensure the City is sanitized. Under the Public Service Management, there is a proposed allocation of Kshs. 206million for review of basic salaries and hire of casuals. The Committee is convinced that salary reviews and promotion of those who have been in one job group for long is key towards ensuring that the County staff are motivated to implement the policies to achieve the county objectives. However, as has been canvassed the Committee was not fully persuaded that some of these projected expenditures fall within the definition of what is required as per the PFM Act and Regulations.

22.Mr. Speaker Sir, the County Assembly has been keen to have the County limit any additional employment that would increase our overall budget and total expenditure on wages and salaries. This nonetheless does not imply that the County should abscond its responsibility of providing services to the electorate. The Committee has therefore considered the request by the Sector for additional employment and approved the same

SUBMISSIONS FROM SECTORAL COMMITTEES

23.Mr. Speaker Sir, provisions of Standing Order 187 (6) requires that the Budget Committee holds discussions with the Chairpersons of all Sectoral Committees during the consideration of the budget. A number of Sectoral Committees submitted written submissions to the Budget Committee on the areas they wished to effect changes in the budget. The following were some of the recommendations that the Sectoral Committees made to the Budget and Appropriations Committee:

Culture and Community Services

- i. That the allocations for the Liquor Board operations should be limited to the amounts in the kitty i.e. Kshs. 142million;
- ii. That the development budget should be approved as proposed;
- iii. That the upward revision of personnel emoluments by Kshs. 33,479,380 contravenes the PFM Regulations and should therefore be denied.

Health Services Committee

- i. That the supplementary estimates be approved as proposed

Physical Planning, Lands and Housing Committee

- i. That the Kshs. 92million allocated under vote 3111499 for Research and Feasibility Studies be reallocated to the following programmes:
 - NIUPLAN implementation at Kshs. 20million;
 - Regularization of unauthorized buildings at Kshs. 18million;
 - Development, compliance and enforcement at Kshs. 17.536million;
 - Sustainable energy and climate change action plan at Kshs. 6million;
 - Open public spaces program at Kshs. 30.464million

- ii. That the following expenditures which were above the 10% legal threshold be approved since they are of high consumption:
 - Vote 2210800 Hospitality Supplies Services of Kshs. 2,392,119;
 - Vote 2211100 Office and General Supplies of Kshs. 1,963,186;
 - Vote 22111100 Office and General Supplies of Kshs. 4,722,240;
 - Vote 3111400 Research, Feasibility Studies of Kshs. 2,989,200
- iii. That Kshs. 20million be allocated to Urban renewal programmes.

Water and Sanitation Committee

- i. That the development budget for the Sector in the supplementary estimates be retained as approved in the annual estimates at Kshs. 688million

Early Childhood Education, Children and Vocational Training Committee

- i. That the supplementary estimates be approved as proposed

Agriculture, Environment and Natural Resources Committee

- i. That the development budget for the Agriculture Sector in the supplementary estimates be retained as approved in the annual estimates at Kshs. 50million
- ii. ; and

Transport and Public Works Committee

- i. That the supplementary estimates be approved as proposed; and
- ii. That the Sector should adhere to working on projects set out in the work plan and table progress reports to the Sectoral Committee on a quarterly basis.

Justice and Legal Affairs Committee

- i. That the budget for the ICT Sector be increased by Kshs. 200million;
- ii. That the budgets for the Legal Affairs department and the City Inspectorate be adopted as proposed

Labour and Social Welfare Committee

- i. That the development budget for the County Public Service Board be retained at Kshs. 20million as in approved Annual Estimates;
- ii. That the budget for the Public Service Management be increased by Kshs. 467.8million

Trade, Tourism and Cooperatives Committee

- i. That the budget for the Trade, Tourism and Cooperatives Sector be approved as proposed

D. RECOMMENDATIONS:

a) Policy Measures

24. **Mr. Speaker Sir**, the Committee noted various critical issues in the Supplementary Estimates that it would like addressed. The Committee therefore proposes the following policy measures:

- i. All future budgets must be program-based with itemized budgets presented as schedules to help the Sectoral Committees in their scrutiny. Further that any budgets presented which are not in a program-based format be considered inadmissible; and
- ii. Supplementary budgets must be restricted to funding only ongoing projects and must avoid the temptation of introducing any new projects

b) Proposed Adjustments and Reallocations in the 2015/16 Budget

25. **Mr. Speaker Sir**, arising from the recommendations from the Sectoral Committees and deliberations with the County Treasury (County Executive Committee Member for Finance), the Budget and Appropriations Committee recommends that the following changes be effected on the 2015/16 supplementary budget:-


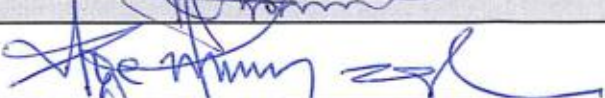
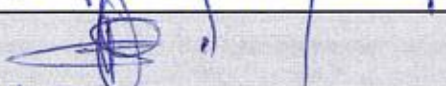


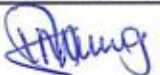

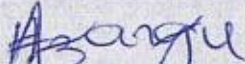


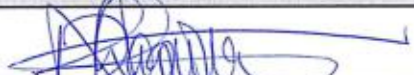

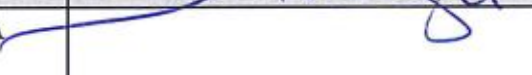
- i. That under the Physical Planning, Lands and Housing Sector, the Kshs. 92million allocated under vote 3111499 for Research and Feasibility Studies be reallocated to provide for the following programmes:
 - NIUPLAN implementation at Kshs. 10million;
 - Regularization of unauthorized buildings at Kshs. 8million;
 - Sustainable energy and climate change action plan at Kshs. 6million;
 - Open public spaces program at Kshs. 18million

- ii. That the overall budget be rationalized to provide Kshs. 20million for Urban Renewal Programmes under the Physical Planning, Lands and Housing Sector;
- iii. That the overall budget be rationalized to provide additional Kshs. 200million for development under the ICT, E-Government and Public Communications Sector;
- iv. That the total allocations for all Liquor Board operations be reduced to Kshs. 20million and any additional collections be retained in the Fund; and
- v. That the budget for the Health Sector be rationalized to provide additional Kshs. 10million for development of Mama Lucy Hospital

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 135 (2) and (4) of the Public Finance Management Act 2012 and Standing Order 215 the County Budget and Appropriation Committee recommends that:

This County Assembly adopts the Report of the Budget and Appropriations Committee on the Supplementary Budget Estimates for the Nairobi City County Government, and County Assembly.

We the undersigned Members of the Budget and Appropriations Committee affirm that this is the approved report of the Committee on the Supplementary Estimates for the FY 2015/16:

NAME	SIGNATURE
1. Hon. Michael Okumu, MCA	
2. Hon. George Ochoa, MCA.	
3. Hon. Fredrick Obenge, MCA.	
4. Hon. Caroline Muga, MCA	
5. Hon. Helen Katangie, MCA	
6. Hon. Osman Ibrahim, MCA	
7. Hon. Jackson Gikandi, MCA	
8. Hon. Kenneth Muroki, MCA	
9. Hon. David Kairu, MCA	
10. Hon. Catherine Akoth, MCA	
11. Hon. Herman Azangu, MCA	
12. Hon. Magdalene Mbogori, MCA	
13. Hon. Jane Muasya, MCA	
14. Hon. Peter Isuha, MCA	
15. Hon. Isaac Ngige, MCA	
16. Hon. Ngaruiya Chege, MCA	
17. Hon. Samuel Irungu, MCA	
18. Hon. Bernadette Wangui, MCA	
19. Hon. Victoria Alali, MCA	Alali

MINUTES OF THE 36TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY BUDGET AND APPROPRIATIONS COMMITTEE HELD ON FRIDAY 22ND APRIL 2016 AT 2PM GELIAN HOTEL, MACHAKOS

PRESENT

- | | |
|---------------------------------|---------------|
| 1. Hon. Michael Ogada, MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice Chairman |
| 3. Hon. Victoria Alali, MCA | |
| 4. Hon. Hellen Katangie, MCA | |
| 5. Hon. David Kairu, MCA | |
| 6. Hon. Herman Azangu, MCA | |
| 7. Hon. Fredrick Obenge, MCA | |
| 8. Hon. Kenneth Muroki, MCA | |
| 9. Hon. Samuel Irungu, MCA | |
| 10. Hon. Isaac Ngige, MCA | |
| 11. Hon. Osman Adow, MCA | |
| 12. Hon. Catherine Okoth, MCA | |
| 13. Hon. Peter Isuha, MCA | |
| 14. Hon. Ngaruiya Chege, MCA | |
| 15. Hon. Magdalene Mbogori, MCA | |
| 16. Hon. Caroline Muga, MCA | |

ABSENT

1. Hon. Jackson Kiama, MCA
2. Hon. Bernadette Wangui, MCA
3. Hon. Jane Muasya, MCA

IN ATTENDANCE

- | | |
|---------------------|-----------------------|
| 1. Eng. F.N Karanja | Director Public Works |
|---------------------|-----------------------|

2. Eng. S.M. Muthama	Deputy Director Roads
3. Mr. James Ngunjiri	Ag. Head of County Revenues
4. Mr. Kefa Omanga	Head of Economic Planning
5. Ms. Josephine Kithu	A.g CEO WDF
6. Mr. Shaban Asman	Chief Revenue Office
7. Ms. Irene Kihara	Administration Officer
8. Mr. Jared Nyaguti	Auditor
9. Mr. Peter Igwe	Accountant
10. Mr. George Mwaniki	Accountant
11. Ms. Elizabeth Nderitu	Accountant
12. Ms. Martha Wambugu	Accountant
13. Ms. Peris Githinji	Accountant

SECRETARIAT

1. Mr. Fredrick Macharia	Senior Finance and Planning Officer
2. Mr. Erick Otieno	Fiscal Analyst
3. Mr. Moses Senator	Fiscal Analyst
4. Ms. Evelyne Akinyi	Clerical Officer
5. Ms. Olger Atieno	Finance Assistant

MIN119/BAC/ APRIL/2016: Preliminaries

The Chairman called the meeting to order at 2 O'clock with opening prayers being led by Hon. Kenneth Thugi.

The following agenda was adopted for the meeting after being proposed by Hon. Peter Isuha and being seconded by Hon. Herman Azangu.

1. Preliminaries
2. **Consideration of the Supplementary Budget Estimates**
3. Any Other Business
4. Adjournment

MIN120/BAC/ARIL/2016: Consideration of the Proposed Supplementary Budget.

The Committee Clerk Presented to the Committee the written submissions to the Budget Committee by the Sectoral Committees on their consideration of the proposed supplementary budget and the areas they wished effected on the budget:-

Culture and Community Services

- i. That the allocations for the Liquor Board operations should be limited to the amounts in the kitty i.e. Kshs. 142million;
- ii. That the development budget should be approved as proposed;
- iii. That the upward revision of personnel emoluments by Kshs. 33,479,380 contravenes the PFM Regulations and should therefore be denied.

Health Services Committee

- i. That the supplementary estimates be approved as proposed

Physical Planning, Lands and Housing Committee

- i. That the Kshs. 92million allocated under vote 3111499 for Research and Feasibility Studies be reallocated to the following programmes:
 - NIUPLAN implementation at Kshs. 20million;
 - Regularization of unauthorized buildings at Kshs. 18million;
 - Development, compliance and enforcement at Kshs. 17.536million;
 - Sustainable energy and climate change action plan at Kshs. 6million;
 - Open public spaces program at Kshs. 30.464million
- ii. That the following expenditures which were above the 10% legal threshold be approved since they are of high consumption:
 - Vote 2210800 Hospitality Supplies Services of Kshs. 2,392,119;
 - Vote 2211100 Office and General Supplies of Kshs. 1,963,186;
 - Vote 22111100 Office and General Supplies of Kshs. 4,722,240;
 - Vote 3111400 Research, Feasibility Studies of Kshs. 2,989,200
- iii. That Kshs. 20million be allocated to Urban renewal programmes.

Water and Sanitation Committee

- i. That the development budget for the Sector in the supplementary estimates be retained as approved in the annual estimates at Kshs. 688million

Early Childhood Education, Children and Vocational Training Committee

- i. That the supplementary estimates be approved as proposed

Agriculture, Environment and Natural Resources Committee

- i. That the development budget for the Agriculture Sector in the supplementary estimates be retained as approved in the annual estimates at Kshs. 50million
- ii. ; and

Transport and Public Works Committee

- i. That the supplementary estimates be approved as proposed; and
- ii. That the Sector should adhere to working on projects set out in the work plan and table progress reports to the Sectoral Committee on a quarterly basis.

Justice and Legal Affairs Committee

- i. That the budget for the ICT Sector be increased by Kshs. 200million;
- ii. That the budgets for the Legal Affairs department and the City Inspectorate be adopted as proposed

Labour and Social Welfare Committee

- i. That the development budget for the County Public Service Board be retained at Kshs. 20million as in approved Annual Estimates;
- ii. That the budget for the Public Service Management be increased by Kshs. 467.8million

Trade, Tourism and Cooperatives Committee

- i. That the budget for the Trade, Tourism and Cooperatives Sector be approved as proposed

After deliberation on the submissions, the Committee resolved that the following changes be affected in the Supplementary Budget:-

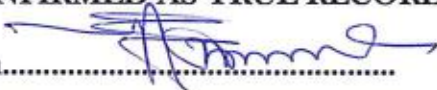
- i. That under the Physical Planning, Lands and Housing Sector, the Kshs. 92million allocated under vote 3111499 for Research and Feasibility Studies be reallocated to provide for the following programmes:
 - NIUPLAN implementation at Kshs. 10million;
 - Regularization of unauthorized buildings at Kshs. 8million;
 - Sustainable energy and climate change action plan at Kshs. 6million;
 - Open public spaces program at Kshs. 18million
- ii. That the overall budget be rationalized to provide Kshs. 20million for Urban Renewal Programmes under the Physical Planning, Lands and Housing Sector;
- iii. That the overall budget be rationalized to provide additional Kshs. 200million for development under the ICT, E-Government and Public Communications Sector;

- iv. That the total allocations for all Liquor Board operations be reduced to Kshs. 20million and any additional collections be retained in the Fund; and
- v. That the budget for the Health Sector be rationalized to provide additional Kshs. 10million for development of Mama Lucy Hospital

MIN121/BAC/ APRIL /2016: Adjournment.

The time being five minutes to five O'clock in the evening, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....

Date.....

Hon. Michael O. Ogada (Chairman)

**MINUTES OF THE 35TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY
BUDGET AND APPROPRIATIONS COMMITTEE HELD ON FRIDAY 22ND APRIL
2016 AT 9AM GELIAN HOTEL, MACHAKOS**

PRESENT

- | | |
|---------------------------------|---------------|
| 1. Hon. Michael Ogada, MCA | Chairman |
| 2. Hon. George Ochola, MCA | Vice Chairman |
| 3. Hon. Victoria Alali, MCA | |
| 4. Hon. Hellen Katangie, MCA | |
| 5. Hon. David Kairu, MCA | |
| 6. Hon. Herman Azangu, MCA | |
| 7. Hon. Fredrick Obenge, MCA | |
| 8. Hon. Kenneth Muroki, MCA | |
| 9. Hon. Samuel Irungu, MCA | |
| 10. Hon. Isaac Ngige, MCA | |
| 11. Hon. Osman Adow, MCA | |
| 12. Hon. Catherine Okoth, MCA | |
| 13. Hon. Peter Isuha, MCA | |
| 14. Hon. Magdalene Mbogori, MCA | |
| 15. Hon. Caroline Muga, MCA | |
| 16. Hon. Ngaruiya Chege, MCA | |

ABSENT

1. Hon. Bernadette Wangui, MCA
2. Hon. Jane Muasya, MCA
3. Hon. Jackson Kiama, MCA

IN ATTENDANCE

- | | |
|-----------------------|-----------------------------|
| 1. Eng. F.N, Karanja | Director Public Works |
| 2. Eng. S.M. Muthama | Deputy Director Roads |
| 3. Mr. James Ngunjiri | Ag. Head of County Revenues |

4. Mr. Kefa Omanga	Head of Economic Planning
5. Mr. Nixon Otieno	Head of County Revenues
6. Mr. Shaban Asman	Chief Revenue Office
7. Ms. Josphine Kithu	Ag. W.D.F
8. Ms. Irene Kihara	Administration Officer
9. Ms. Peris Kithinji	Accountant
10. Mr. Peter Igwe	Accountant
11. Ms. Elizabeth Nderitu	Accountant
12. Ms. Martha Wambugu	Accountant
13. Mr. Jared Nyaguti	Auditor

SECRETARIAT

1. Mr. Fredrick Macharia	Senior Finance and Planning Officer
2. Mr. Erick Otieno	Fiscal Analyst
3. Mr. Moses Senator	Fiscal Analyst
4. Ms. Evelyne Akinyi	Clerical Officer
5. Ms. Olger Atieno	Finance Assistant

MIN116/BAC/ APRIL/2016: Preliminaries

The Chairman called the meeting to order at nine o'clock in the morning. The opening prayers were said by the Hon. Kenneth Thugi.

The following agenda was adopted for the meeting after being proposed by Hon. Peter Isuha and being seconded by Hon. Herman Azangu.

1. Preliminaries
2. **Consideration of the Proposed Supplementary Budget**
3. Any Other Business
4. Adjournment

MIN117/BAC/MARCH/2016: Consideration of the Proposed Supplementary Budget (Ag. Head of County Budget)

The Acting Head of County Budgeting took the Committee through the reasons that had led to the preparations of the Supplementary Estimates as follows:

- i. **Staff Upgrading:** In the year the Public Service Management undertook staff upgrading across all sectors. The exercise involved the review of basic salaries of the promotion of staff who had in one job group for a long time. The total cost was Kshs 206,846,940 which had not been factored in the approved budget;
- ii. **Hire of Casuals:** A total of Kshs 138 million had been factored for the hire of casuals for the following departments: Sub-County Administration Kshs 65.4 million; Environment Kshs 64.6million and Water Sub-Sector Kshs 8million meant to enhance service delivery to residents of the County by supplementing the internal capacities of the departments;
- iii. **Increased Cost of Overtime:** In the approved budget only Kshs 45million was allocated for overtime and specifically by Public Works transport and Public Service Management Sector. Due to increased need for services in the county the overtime had to be increased to by Kshs 190million;
- iv. **Employment of Health Personnel.** The County recruited several health personnel during the year 2015/2016 to improve service delivery in our health facilities. This lead to an increase in the health budget by Kshs 140.1million;
- v. **Increased cost of Garbage Collection.** The Department of Environment was allocated Kshs. 285million for garbage collection. Due to the increase in population the amount of garbage increased leading to an increased cost of delivering this key service. In order to ensure a clean city, the allocation for garbage collection was been increased by Kshs 655million;
- vi. **Cost of Medical Insurance:** The cost of medical insurance increased than earlier predicted due to the inclusion of the devolved staff who were not covered in the earlier scheme. The allocation for medical insurance has been increased by Kshs 250million to make it Kshs 750million to cover the cost of medical insurance.
- vii. **Liquor Board:** The liquor Act approved by the County Assembly gave authority to have a liquor Board complete with its own account where all liquor license fees shall be deposited. The act provides that the account shall be operated for the

operations of the board. In order to give effect to this act the liquor department proposed that Kshs 206.6million be allocated for the Activities of the board.

- viii. **Increased cost of Fuel:** The cost of fueling vehicles has increased and therefore the allocation for fuel has been increased by Kshs 44million.
- ix. **Cost of General Insurance:** The general insurance was due for renewal and the therefore the allocation of general insurance had been increased from Kshs 130million to Kshs 200million.
- x. **Pending Bills:** The allocation for Pending bills has been increased by Kshs 100million to cover for loan repayments

In plenary the Members raised the following concerns:-

- i. Members raised concerns on why the allocation for Mama Lucy Hospital was missing from the Supplementary Budget. The County Treasury responded that the contract was issued by the national government and the contractor was yet to be officially handed over to the County;
- ii. The Members queried if the Hire of Casuals as a new programme was being introduced through the Supplementary Budget. The Officer replied that the programme had an initial allocation in the budget and was only seeking an increase;
- iii. The Members queried the allocation to the liquor board and asked whether the liquor fund had enough resources to cover the allocation. After consultation the Members were informed that only Kshs.142million could be conclusively confirmed to be in the fund.

Deliberations with the Roads, Infrastructure and Public Works Officers

The Members welcomed the Officers to the meeting and proceeded to deliberate on the following issues:

- i. The Members informed the Officers that there was need to procure at the budgeted cost of projects. The Head of Budget responded that there was to involve all stakeholders from all Sectors. Eng. Kamau told the Committee that procurement above the budgeted cost appeared in cases where Engineers' estimates were ignored and the amount budgeted was insufficient. The Committee warned the Sector against such over-expenditure and undertook to take appropriate action if such is repeated;
- ii. The Members queried the Engineers from the Roads and Public Sector on the estimate cost of construction of a kilometer of road in Nairobi. The Engineer replied that the cost of doing a road could not be roughly estimated as many specs were involved in

costing a road. Further they said the costing of roads by Kenya Urban Roads Authority differed in that the body did not cost other amenities such as drainage and street lighting;

- iii. The Members questioned on the reasons why so many roads had not been completed leading to high number of rollovers. The Engineer responded that the County was over ambitious in the beginning and kick started many projects which were slowed down by cash flow challenges.

The meeting resolved that the Sector organizes a meeting with the Budget Committee to discuss on the matters related to budget absorption.

MIN118/BAC/APRIL/2016: Adjournment.

The time being five minutes one O'clock in the afternoon, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....

Date.....

Hon. Michael O. Ogada (Chairman)

MINUTES OF 31ST SITTING OF THE NAIROBI CITY COUNTY BUDGET AND APPROPRIATIONS COMMITTEE HELD ON SARTUDAY 16TH APRIL 2016 AT 9AM AT WATERBUCK HOTEL, NAKURU COUNTY

- | | | |
|-----|--------------------------|---------------|
| 1. | Hon. Michael Ogada, MCA | Chairman |
| 2. | Hon. George Ochola, MCA | Vice Chairman |
| 3. | Hon. Osman Adow, MCA | |
| 4. | Hon. Peter Isuha, MCA | |
| 5. | Hon. Kenneth Muroki, MCA | |
| 6. | Hon. Jane Muasya, MCA | |
| 7. | Hon. David Kairu, MCA | |
| 8. | Hon. Samuel Irungu, MCA | |
| 9. | Hon. Herman Azangu , MCA | |
| 10. | Hon. Isaac Ngige, MCA | |

ABSENT

1. Hon. Jackson Kiama, MCA
2. Hon. Victoria Alali, MCA
3. Hon. Bernadette Wangui, MCA
4. Hon. Hellen Katangie, MCA
5. Hon. Ngaruiya Chege, MCA
6. Hon. Caroline Muga, MCA
7. Hon. Magdalene Mbogori, MCA
8. Hon. Catherine Akoth, MCA
9. Hon. Fredrick Obenge, MCA

IN ATTENDANCE

- | | |
|-----------------------|----------------------------------|
| a) Mr. James Ngunjiri | Ag. Head of Budget |
| b) Mr. Nick Otieno | Ag. Head of County Revenue |
| c) Mr. Kefa Omanga | Head of County Economic Planning |
| d) Mr. Nixon Otieno | A.g Head of County Revenue |
| e) Mr. Shaban Asman | Chief Revenue Officer |

f) Mr. Cyrus Kamau	Budgeting
g) Ms.Elizabeth Nderitu	Accountant
h) Ms. Peris Wanjiru	Accountant
i) Mr. Sianga Chenge	Economist
j) Ms. Irene Kihara	Administrator
k) Mr. Andrew Kigen	Economist
l) Ms. Grace Chabari	Economist

SECRETARIAT

1. Mr. Fredrick Macharia Senior Finance Planning Officer
2. Mr. Erick Otieno Fiscal Analyst/Clerk Assistant
3. Mr. Alphonse Ouma Fiscal Analyst
4. Mr. Farah Gabow Finance Officer
5. Mr. Moses Senator Fiscal Analyst

MIN 104/BAC/APRIL/2015: Preliminaries

The Chairman called the meeting to order at five minutes past nine o'clock in the morning with opening prayers being led by Hon. Kenneth Thugi.

1. Preliminaries
2. Deliberations on Supplementary Budget for Nairobi City County (Mr. James Ngunjiri)
3. Any Other Business
4. Adjournment.

MIN 105/BAC/APRIL/2015: Deliberations on Supplementary Budget (Mr. James Ngunjiri)

The Officer told the Members that the Supplementary Budget revised downwards the budget from the approved Kshs30.8billion to Kshs.29billion excluding the World Bank projects. With the recurrent budget been revised upwards from Kshs.19.8billion to Kshs.21.3billion and development budget being revised downwards from Kshs.10.0billion to Kshs.7.7 billion. He went ahead to enumerate the following as the reasons that informed the preparation of the Supplementary.

- i. **Revenue Underperformance-** The total estimated revenues from the traditional local sources in the 2015/2016 budget was Kshs 17.5billion.As at 31st December 2015 the total amount realized from our local sources was Kshs 4.99billion (28.5% of the annual

total).The underperformance of the local internal sources made it necessary to revise the revenues downwards to Kshs 15.3billion.

- ii. **Enactment of the County Revenue allocation Act 2015-** As at time of adoption of the 2015/2016 budget CARA 2015 had not been approved and therefore the amounts expected from the National Government could not be confirmed. CARA 2015 was subsequently approved after the budget had been approved thereby necessitating the review of the external revenues to be in conformity with CARA 2015.
- iii. **Debt sustainability** - It was necessary to rationalize the expenditures in line with the revised revenue projections taking into account the non-discretionary items such as salaries and increased cost of garbage collection to avoid creating more bills than the County can accommodate.
- iv. **Donor Funded Projects;** The World Bank financed development projects were not included in the adopted budget by the Assembly as the same had not been confirmed. For monitoring purposes the projects required to be included in the revised document.

The Officer informed the Committee that during the year the County has had to review recurrent expenditure due to the following occurrences: -

- i. **Staff Upgrading:** In the year the Public Service Management undertook staff upgrading across all sectors. The exercise involved the review of basic salaries of the promotion of staff who had in one job group for a long time. The total cost was Kshs 206,846,940 which had not been factored in the approved budget;
- ii. **Hire of Casuals:** A total of Kshs 138 million had been factored for the hire of casuals for the following departments: Sub-County Administration Kshs 65.4 million; Environment Kshs 64.6million and Water Sub-Sector Kshs 8million meant to enhance service delivery to residents of the County by supplementing the internal capacities of the departments;
- iii. **Increased Cost of Overtime:** In the approved budget only Kshs 45million was allocated for overtime and specifically by Public Works transport and Public Service Management Sector. Due to increased need for services in the county the overtime had to be increased to by Kshs 190million;

- iv. **Employment of Health Personnel.** The County recruited several health personnel during the year 2015/2016 to improve service delivery in our health facilities. This led to an increase in the health budget by Kshs 140.1million;
- v. **Increased cost of Garbage Collection.** The Department of Environment was allocated Kshs. 285million for garbage collection. Due to the increase in population the amount of garbage increased leading to an increased cost of delivering this key service. In order to ensure a clean city, the allocation for garbage collection was been increased by Kshs 655million;
- vi. **Cost of Medical Insurance:** The cost of medical insurance increased than earlier predicted due to the inclusion of the devolved staff who were not covered in the earlier scheme. The allocation for medical insurance has been increased by Kshs 250million to make it Kshs 750million to cover the cost of medical insurance.
- vii. **Liquor Board:** The liquor Act approved by the County Assembly gave authority to have a liquor Board complete with its own account where all liquor license fees shall be deposited. The act provides that the account shall be operated for the operations of the board. In order to give effect to this act the liquor department proposed that Kshs 206.6million be allocated for the Activities of the board.
- viii. **Increased cost of Fuel:** The cost of fueling vehicles has increased and therefore the allocation for fuel has been increased by Kshs 44million.
- ix. **Cost of General Insurance:** The general insurance was due for renewal and therefore the allocation of general insurance had been increased from Kshs 130million to Kshs 200million.
- x. **Pending Bills:** The allocation for Pending bills has been increased by Kshs 100million to cover for loan repayments.

Mr. Ngunjiri told the Committee that the development budget had been affected in the following ways by the supplementary budget: -

- **County Executive:** In the approved budget for FY 2015/2016 the County Executive had a total development budget of Kshs 10.9billion .As at 29th February 2016 only Kshs 3.1billion which is 28% of the total allocation had been committed. In view of this development and the revised revenue projections the development budgets have

been revised downwards to Kshs 7.3billion. The reductions mainly focused on the uncommitted balances in various sectors.

I. Presentation of the Analysis of the Supplementary Budget for the FY 2015/16 (Mr. Erick Otieno- Fiscal Analyst)

The officer started by pointing out that the supplementary budget was an improvement from the similar documents presented by the County Treasury. He informed the Members that the document complied with the following requirements of PFM regulation 39:

- i. The vote, program, sub-program and broad expenditure category which is desired to supplement.
- ii. The original sum voted thereon and any supplementary which may have since been added.
- iii. The proposed source of financing of the additional expenditure, the latest fiscal framework.

On the non-compliant side, the Officer stated that the CFSP had not contained the following requirements of the budget as per the PFM Regulations: -

- i. The actual expenditure and outstanding liabilities or commitment against the item on the date when the request is made;
- ii. The amount of supplementary required, the reason why the supplement is necessary and why it has not been possible to keep within the voted provision;
- iii. The basis for the calculation underpinning the supplementary; and
- iv. An analysis of the fiscal impact of the additional expenditure, or of the implications, if any, for the planned outputs and outcomes of the affected programmes.

The Officer further noted that at a time when the government should have been applying austerity measures and tight fiscal policy, the County Government anticipated to increase recurrent expenditure even in areas that were not of priority to the County. He finally noted that with the revision of the supplementary budget, the total development expenditure fell to below 30% of total county budget making it contradictory to the fiscal responsibility principles.

During plenary the following concerns were raised

- i. The Members wanted to know from the County Treasury whether the additional allocations for the Liquor Board would be funded by the County Exchequer. The Acting

Head of County Budgeting informed the meeting that the the requests had exceeded the amounts in the fund and therefore the requests were to be channeled from the County Exchequer;

- ii. The committee queried why the development allocation for Mama Lucy Hospital had reduced been to Kshs.40million from Kshs.100million. The Officer replied that the sector had said that the it would only able to absorb a maximum of Kshs. 40million by the end of the year;
- iii. The Members wanted to know on the reasons why the Hire of Casuals had been included in the budget nearing the end of the financial year. The HR Officer, Mr. Kibet explained that the average age of support staff at the County was 50years to 55years and were not in place to perform the manual work leading to the decision to hire of casuals to assist in cleaning the city. The Committee noted that there was need to come up with permanent solution on how to address issues related to redundant staff.

Conclusion and Way Forward on the Supplementary Budget:-

- i. The Committee resolved that all the issues related to the Supplementary Budget which had been identified by the Budget Office and the Members of the Budget Committee be addressed with the County Treasury for urgent response.

II. Deliberations on County Revenues (Shaban Asman- Chief Revenue Officer)

The Chief Revenue Officer informed the Committee that at the time time of preparation of the supplementary budget the county revenues were performing at Kshs.11.708billion. Which led to revising of the revenue target to Kshs.32.467billion (incl. World Bank projects)

He stated that the underperformance in revenue collection had been due to poor collections in the following sectors;

1. **Environment**-The budgeted Kshs. 20M per month lease fees from NWSC were stopped in September 2016 after the decision to use the fund to rehabilitate the water infrastructure;
2. **Health**-The KEMRI contract for food handling certificates where the body failed to remit Kshs. 112M as per the agreement;
3. **Physical Planning**-The advertiser challenged the new policies and there was also lack of surveillance equipment's to monitoring all adverts activities;

4. **Public Works, Roads & Transport**-Poor collection of parking fees due to invasion of matatus & taxis in parking bays especially in Central Business District, non-compliance by matatus terminating outside CBD, lack of efficient towing vehicles for automatic cars and poor Cash handling by parking attendants;
5. **Trade** - Court case on betting control levies, low return from liquor licenses, low compliance on Single Business Permits and poor collections in markets on farm produces

The officer went ahead to present the following Strategies to achieve the revised revenue target as per the supplementary budget;

- i. Empower the sub county to collect all county revenues at the ward level;
- ii. Inspections and enforcement on all revenue sources to be done at the sub county;
- iii. Capture data on all clients for all sources in each ward;
- iv. Revert the approval of food handlers' certificates to the County and follow up on the accrued debt from KEMRI where 30 days' notice had been issued awaiting enforcement upon expiry on 30th April 2016;
- v. Cancellation of all tickets for picking and dropping of matatus in CBD;
- vi. Continuous enforcement on non-compliant vehicles especially taxis;
- vii. Liaise with Co-operative office and NTSA to enforce the charges on all matatus;
- viii. Continue with operation clamp down on all rates defaulters;
- ix. Liaise with e-citizen to gain access to up dated lands records for effective collection of rates, sub-division & amalgamation of properties;
- x. Regularization of buildings; and
- xi. Enhance supervision in markets

MIN 106/BAC/ APRIL/2016: Adjournment.

The time being fifteen minutes to twelve noon, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.....

Date.....

Hon. Michael O. Ogada (Chairman)

MINUTES OF THE 30TH SITTING OF 2016 OF THE NAIROBI CITY COUNTY
BUDGET AND APPROPRIATIONS COMMITTEE HELD ON FRIDAY 15TH APRIL
2016 AT 2PM AT WATERBUCK HOTEL, NAKURU

1. Hon. Michael Ogada, MCA Chairman
2. Hon. George Ochola, MCA Vice Chairman
3. Hon. Osman Adow, MCA
4. Hon. Fredrick Obenge, MCA
5. Hon. Kenneth Muroki, MCA
6. Hon. Jane Muasya, MCA
7. Hon. David Kairu, MCA
8. Hon. Ngaruiya Chege, MCA
9. Hon. Isaac Ngige, MCA
10. Hon. Catherine Akoth, MCA
11. Hon. Hellen Katangie, MCA
12. Hon. Herman Azangu, MCA
13. Hon. Jackson Kiama, MCA

ABSENT

14. Hon. Bernadette Wangui, MCA
15. Hon. Caroline Muga, MCA
16. Hon. Samuel Irungu, MCA
17. Hon. Victoria Alali, MCA
18. Hon. Magdalene Mbogori, MCA
19. Hon. Peter Isuha, MCA

IN-ATTENDANCE

a) Mr. James Ngunjiri	Ag. Head of Budget
b) Mr. Nick Otieno	Ag. Head of County Revenue
c) Mr. Kefa Omanga	Head of County Economic Planning
d) Mr. Nixon Otieno	Ag. Head of County Revenue
e) Mr. Shaban Asman	Chief Revenue Officer
f) Mr. Cyrus Kamau	Budget Officer
g) Ms. Elizabeth Nderitu	Accountant
h) Ms. Peris Wanjiru	Accountant
i) Mr. Sianga Chenge	Economist
j) Ms. Irene Kihara	Administrator
k) Mr. Andrew Kigen	Economist
l) Ms. Grace Chabari	Economist

SECRETARIAT

1. Mr. Fredrick Macharia	Senior Finance Planning Officer
2. Mr. Erick Otieno	Fiscal Analyst/Clerk Assistant
3. Mr. Alphonse Ouma	Fiscal Analyst
4. Mr. Farah Gabow	Finance Officer
5. Mr. Moses Senator	Fiscal Analyst

MIN101/BAC/APRIL/2015: Preliminaries

The Chairman called the meeting to order at five minutes past twelve o'clock with opening prayers being led by Hon. Herman Azangu.

1. Preliminaries
2. **Deliberations on the 2015-16 Supplementary Budget**
3. Any Other Business
4. Adjournment

MIN102/BAC/APRIL/2015: Deliberations on the 2015-16 Supplementary Budget

Deliberation on the proposed County Assembly Supplementary Budget (Mr. Fredrick Macharia)



The Officer reminded the Committee that in the financial year 2014/2015 the County Assembly had a total budget of Kshs.1.7billion. He went ahead to inform the Committee that due to cash flow challenges the County Treasury was unable to finance the County Assembly as expected. This was despite assurances from the County Executive Committee Member for Finance and Economic Planning that the County Treasury would finance the County Assembly as planned. Mr. Macharia told the members that development works of the County Chambers valued at Kshs.243million were rolled over to the FY 2015/2016. He said that the circumstances were not foreseen during 2015/2016 budget preparation stage which had been concluded in April 2015. Further the Officer stated that in the course of implementation of the 2015/2016 budget, the expenditure lines had higher absorption rate than earlier anticipated while others had lower absorption rates than planned and the Assembly had prepared the supplementary budget to address the disparities in absorption rates. The Officer went ahead to inform the members that after the preparation of the supplementary budget the Office of the Clerk had received a communication for the Members of the County Assembly to travel to Mombasa for County Assembly Forum retreat which would require a further re-allocation of Kshs.8million.

Resolution. The Committee resolved that the Planning officer reallocates within the County Assembly Budget to facilitate the Kshs.8million to facilitate the members' travels.

MIN103/BAC/ APRIL/2016: Adjournment.

The time being thirty minutes to two O'clock, the Chair adjourned the meeting

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.......... Date..........

Hon. Michael O. Ogada (Chairman)

