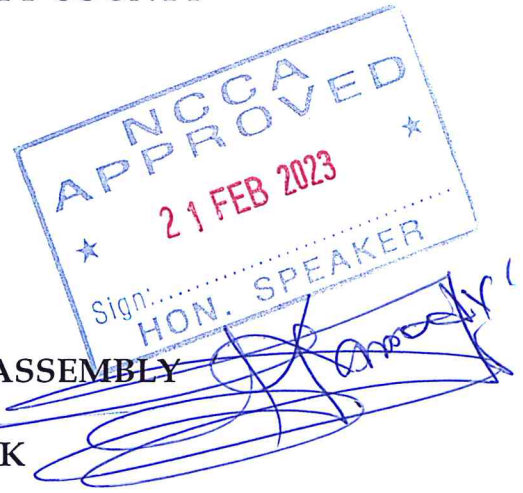


GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY
(SECOND SESSION)

NCCA/TJ/PL/2023(4)

21ST FEBRUARY 2023

PAPER LAID

SUBJECT: COMMITTEE REPORT

Pursuant to Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Tuesday 21st February 2023.

— THE REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE SYMPOSIUM ON EMERGING THEMES IN THE ROLE OF LAWMAKERS HELD AT WYNDHAM DUBAI DEIRA DAYS IN THE UNITED ARAB EMIRATES.

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

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

*Paper laid
By Hon. W. Odalo.
21 Feb 2023*

NAIROBI CITY COUNTY



NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY – SECOND SESSION

**THE 5TH REPORT OF THE SELECT COMMITTEE ON FINANCE, BUDGET
& APPROPRIATIONS COMMITTEE**

ON

**SYMPOSIUM ON EMERGING THEMES IN THE ROLE OF LAWMAKERS
HELD AT WYNDHAM DUBAI DEIRA DAYS IN THE UNITED ARAB
EMIRATES**

28TH DECEMBER, 2022 – 11TH JANUARY, 2023

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1.0 BACKGROUND INFORMATION

The Nairobi City County Finance, Budget and Appropriations Committee is established under Standing Order 205 and mandated to among others; -

- 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 programmes with direct budget outlay.*

The year 2022 being an electioneering period saw the Country conduct a general election in the month of August for the people to exercise their constitutional given powers. Arising from the election the County Assembly of Nairobi sectoral and select Committees were constituted as per the provisions of the standing orders.

The Committee has for the short time since its constitution considered the Nairobi City County Appropriation Bill, 2022 and had the following documents that needed consideration amongst others;

- 1) The Revenue and Expenditure Report for the First Quarter for FY 2022-23
- 2) The Annual Development Plan for FY 2023-2024
- 3) The County Integrated Development FY2022-2026
- 4) The County Budget Review Outlook Paper 2022
- 5) The Annual County Governments Budget Implementation Report for FY 2021-22

The Committee also had amongst others the following reports for tabling and for guidance in making future best decisions;

- 1) The International Budget Partnership Survey Report,2022
- 2) The Comprehensive Own Source Revenue Potential and Tax Gap Study Report, 2022 by Commission on Revenue Allocation

The Committee being a new establishment arising from the General election still lacked the capacity to critically scrutinize the budget related documents and as such needed to be capacity built on matters that shall exponentially affect the discharge of its mandate. The

Committee therefore resolved to have trainings on different thematic areas including principles of public ethics, public finance management, audit amongst others and resolved to participate in symposium in Dubai.

In the foregoing, the Committee Members, due to logistical constraints, travelled in two separate groups whereby the first lot travelled from 28th December, 2022 to 5th January, 2023 and the second group travelled from 2nd January to 11th January, 2023.

Specifically, the participants were to gain among other things:

- better understanding and knowledge on how to scrutinize relevant budget related documents as provided for by the law;
- skills on how public finance managers can make better use of technology to enhance fraud controls and processes and ultimately create an effective anti-fraud culture;
- guiding principles in management of public resources and the various actors in safeguarding the use of such resources.

1.1 Committee Membership

The Select Committee on County Finance, Budget and Appropriations comprise of 23 Members as follows:

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

1.2 Secretariat

The Committee Secretariat comprised of the following officers: -

1. Mr. Erick Otieno – Principal Fiscal Analyst
2. Mr. Wilfred Manyi – Senior Clerk Assistant
3. Mr. Alphonse Ouma – Senior Fiscal Analyst

The following participants were approved to attend the training;

S/No.	Name	Designation
Group 1: From 28th December 2022 to 5th January 2023		
1	Hon. Peter Imwatok	Majority Leader/ Head of Delegation
2	Hon. Ken Ng'ondi	Speaker
3	Hon. Mark Mugambi	Majority Whip/ Member
4	Hon. Waithera Chege	Deputy Minority Leader/ Member
5	Hon. Susan Makungu	Member
6	Hon. Joyce Kamau	Member
7	Hon. Sam Kago	Member
8	Hon. Anthony Ngaruiya	Member
9	Hon. Collins Ogenga	Member
10	Hon. Rosemary Masitsa	Member
11	Hon. Paul Ndungu	Member
12	Hon. Robert Mbatia	Member
13	Hon. Lawrence Odhiambo	Member
14	Hon. Robert Alai	Member
15	Hon. Asli Mohammed	Member
16	Hon. Cicilia Wairimu	Member
17	Mr. Edward Gichana	Clerk

18	Ms. Pauline Akuku	DC Administrative Services
19	Mr. Larry Wambua	Economic Advisor
20	Mr. Mike Wao	Ag. Director, Speaker's Office
21	Dr. Jairus Musumba	Ag. County Secretary
22	Mr. Sammy Kiptoo	Director Legislative Services
23	Mr. Alphonce Ouma	Snr. Fiscal Analyst
24	Ms. Nancy Kiruri	Head of Budget
25	Mr. Joseph Gathiaka	Ag. Chief Officer Finance
26	Mr. Daniel Nguru	Finance

Group 2: From 2nd January to 11th January 2023

1	Hon. Wilfred Oluoch Odalo	Chairperson
2	Hon. Emily Oduor	Vice Chairperson
3	Hon. Paul Kados	Deputy Speaker
4	Hon. Anthony Kiragu	Minority Leader/ Member
5	Hon. Moses Ogeto	Majority Whip/ Member
6	Hon. Catherine Okoth	Member
7	Hon. Waruguru Kanyi	Member
8	Hon. Perpetua Mponjiwa	Member
9	Hon. Fathiya Abdillahi	Member
10	Hon Kame Adame	Member
11	Hon. Jeckoniah Onyango	Member
12	Hon. Malyun Abdi	Member
13	Hon. Redson Otieno	Member
14	Hon. Jane Muasya	Member
15	Mr. Charles Kerich	CECM – Finance
16	Mr. Erick Otieno	Principal Fiscal Analyst
17	Mr. James Ngunjiri	Deputy Director, Budget
18	Mr. Wilfred Manyi	Snr. Clerk Assistant
19	Ms. Ann Akinyi	Legal
20	Mr. Brian Yambo	Principal PR Officer
21	Ms. Martha Wambugu	HOCT- A
22	Ms. Evelyn Akinyi	Finance Officer
23	Mr. Leonard Pinto	Accounts
24	Mr. Tiras Kamau	Budget
25	Mr. Geoffrey Sianga	Director Economic Planning
26	Mr. Shaban Asman	Deputy Head of Revenues

1.3 Acknowledgement

The select Committee on Finance, Budget and Appropriations is grateful to the Offices of the Speaker and the Clerk of the County Assembly and particularly the Office of His Excellency the Governor for facilitating the symposium that was an eye opener on matters ethical leadership, prudent public resource utilization and strengthened oversight

responsibility among others. The Committee also pays gratitude to the staff at Wyndham Dubai Deira Days Hotel in the United Arab Emirates for the reception and ensuring peace and tranquility in their conference halls during the training.

The Committee also extends its appreciation to the Budget Office and the Secretariat for the continuous technical and procedural support that has seen this report compiled with exactness and completion. It is now my honor, on behalf of the Committee, to present this report to the County Assembly.

Hon. Speaker,

On behalf of the Select Committee on Finance, Budget and Appropriations and pursuant to the provision of Standing Order 205, it is my pleasant privilege and honor to present the report of the Committee on the symposium on emerging themes in the role of lawmakers held in the United Arab Emirates.

SIGN.....



DATE.....

2/02/2023

**HON. WILFRED OLUOCH ODALO, MCA
CHAIRMAN**

REPORT OF THE PROCEEDINGS OF THE SYMPOSIUM/TRAINING FOR THE MEMBERS OF FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE HELD FROM 28TH DEC 2022 – 11TH, JANUARY, 2023 AT WYNDHAM DUBAI DEIRA DAYS IN THE UNITED ARAB EMIRATES

2.0 INTRODUCTION

The training was held in order to equip the Hon. Members on ethical leadership especially while undertaking their three cardinal responsibilities of oversight, legislation and representation. It was underscored that safeguarding resource utilization was key role of legislators which demanded that legislators and public officers embrace desirable conduct and values such as integrity, honesty, justice, respect and focus on community/public participation. The knowledge gained was to assist the Members and public officers understand and appreciate the intended objective of ethical leadership and therefore enable them discharge respective mandates effectively and efficiently.

2.1 OVERVIEW OF THE TRAINING

Several presentations were made during the conference period and ranged from oral submissions, PowerPoint slides, discussions, experience sharing and questions and answer sessions.

2.2 ETHICAL LEADERSHIP

Topic 1: Conduct and Values of Legislators and Public officers

The facilitator (*Principal Consultant and Professional Development Expert*) walked the members through the desired ethical leadership as well as the conduct and values recognized to be good for growth and development of society and the county government of Nairobi. Specifically, emphasis was laid on key values that included respect, transparency, honesty, community/public participation, fairness, justice among others.

It was noted that leadership and integrity has a preeminence niche in the management of affairs of any nation and county. The navigation of such ethical leadership involved meeting some key processes and key leadership styles that the public service can employ in ensuring effective and efficient delivery of key government services to its citizens.

2.2.1 Leadership and Integrity

The Committee learnt on the principles of ethical leadership entailing conduct and values that needed to be cultivated in the management of public funds as well as in the entire budget process. The training equipped the Committee with the integral principles of leadership key being integrity, honesty, justice and respect. Further the guiding principles of leadership and integrity were spelt as selection on the basis of personal integrity, competence and suitability, or election in free and fair elections, objectivity and impartiality in decision making, and in ensuring that decisions are not influenced by nepotism, favoritism, other improper motives or corrupt practices; selfless service based solely on the public interest, demonstrated by honesty in the execution of public duties and in the declaration of any personal interest that may conflict with public duties, accountability to the public for decisions and actions and discipline and commitment in service to the people.

2.2.2 Navigation of ethical Leadership

On navigating ethical leadership; the Committee learnt of key concepts that encompassed the following stages;

1) Identification of institutional weaknesses

This involved conducting a SWOT analysis outlining the institutional weaknesses that can be remedied through the choice of a best corrective measure(s).

2) Review of code of conduct and governance structures

Every institution is considered being unique and from time to time may need to review its code of conduct and governance structures as guided by the various legislations within their jurisdiction.

3) Communication and stakeholder engagement

It was noted that effective communication of principles of ethical leadership enlightens the stakeholders of the key values that they need to embrace. The world today has evolved and the need for print media, social platforms, websites and even civic education will ensure that core values are treasured within the nation's citizenry.

4) Identifying the key performance indicators

The Committee learnt that in economies where ethical leadership is practices, the key indicators will show reduced corruption rates, efficient and effective use of public resources, equitable resource sharing, equal treatment in employment opportunities, non-marginalization of certain non-dominant groups such as youths, women and persons with disabilities.

5) Toning at the top management

The Committee noted that where there is exemplary management with the leaders demonstrating that they adhere to ethical leadership it would be easy for the lower management and the general public to follow the trend set by the leaders.

6) Management of ethical dilemmas

The need for choosing among the ethical dilemmas should be emphasized in the management of public resources. Personal interests should not outweigh the public good and the public and state officers need to know that they are but custodian of the public resources.

7) Reviewing the cycles

The need for reviewing and monitoring of ethical leadership based on key indicators should be undertaken from period to period to ensure the values are upheld by the citizens.

2.2.3 Leadership in the Public Service

In discharge of their mandate the Committee learnt of the following concerning leadership in the public service that can help them in ensuring they succeed in their triple role of legislation, representation and oversight.

2.2.4 Conscious Leadership

Conscious leadership which was noted to be the process by which a leader becomes radically responsible, self-aware, and focuses on building a culture of “we” rather than a culture of “me.” The goal of this leadership was found to be to recognize how a leader might actually be reacting, thinking, and leading from below the line, and then take active steps to shift their outlook and leadership style to one that is based in an above the line commitment.

2.2.5 Organization Culture

Organizational culture which encompasses the collection of values, expectations, and practices that guide and inform the actions of members. It was found out that great culture exemplifies positive traits that lead to improved performance, while a dysfunctional culture brings out qualities that can hinder even the most successful organizations and that every organization's culture is different, and it's important to retain what makes your institution unique. The following cultures were found to define high-performing organizations that Nairobi City should seek to cultivate:

- **Alignment** where the organization's objectives and its employees' motivations are all pulling in the same direction and exceptional organizations work to build continuous alignment to their vision, purpose, and goals.
- **Appreciation** that could take many forms and is one in which all team members frequently provide recognition and show gratitude for the contributions of others.
- **Trust** in which members can express themselves and rely on others to have their backing when they try something new.
- **Performance** that create a **business oriented culture** where talented employees motivate each other to excel which results into key outputs.
- **Resilience** that will teach leaders to watch for and respond to change with ease.
- **Teamwork** that encompasses collaboration, communication, and respect between members.

2.2.6 Customer Centric approach

Customer-centric as a strategy and a culture of doing business that focuses on creating the best experience for the customer, and by doing so builds brand loyalty. Customer-centric businesses ensure that the customer is at the center of a business's philosophy, operations, or ideas. Customer-centric businesses believe that their clients are the primary reason that they exist, and they use every means at their disposal to keep the client satisfied. This would guide the Members as they interact with their electorates who by default are their major customers and must show care for their well-being. The need for public participation and stakeholder involvement in all key county processes and documents should therefore be

enshrined in the decision making process by the Committee to avoid unwarranted litigations arising from non-involvement of the County citizens as articulated in this approach.

2.3 ESTABLISHMENT AND STRENGTHENING AUDIT SYSTEMS FOR ENHANCED ACCOUNTABILITY OF PUBLIC FUNDS

Topic 2: Audit

It was noted that the Select Committee on Finance, Budget and Appropriations is mandated to among others *investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget*. Arising from the foregoing, the Committee is a watch dog of public purse and must give an assurance in their oversight role that the monies so allocated are prudently used. The need for internal auditing that is independent, objective and providing assurance that public resources are sensibly utilized is therefore paramount and the Committee should be appraised with key auditing knowledge as it discharges its mandate.

The crucial lessons learnt were that:

- Auditing assists a county government to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of county government processes, risk management and internal control system.
- Internal control are processes designed to provide reasonable assurance regarding the achievement of the government’s objectives in the following categories: -
 - Effectiveness and efficiency of operations;
 - Reliability of financial reporting;
 - Compliance with applicable legal frameworks;
 - Compliance with regulations, policies and procedures;
 - Reduces the risks of asset loss
- The Committees of the Assemblies that scrutinize the Budget, Public Accounts and Investments needed to be consistent to execute their mandates by ensuring proper review of all work processes, payment, procurement and recruitment among other related processes.

- In show of integrity, the Committees should endeavor to bring out the most recurring audit queries such as unsupported expenditure, irregular procurement practices, revenue leakages, ghost workers, lack of valuation reports, non-surrender of imprests among others and recommend sanctions for Officers who misuse public funds to enrich themselves through acts of corruption.
- The Select Committee on Finance, Budget and Appropriations could rely on the various reports from other public watch dogs such as the Auditor General to make decisions in regards to appropriating money to sectors and this could involve;
 - i. Rationalization of sector's Budgets based on the audit report
 - ii. Recommending for huge budget cuts in such departments to deter financial frauds
 - iii. Recommending additional allocation of money to the compliant departments

2.4 E-GOVERNANCE IN MANAGEMENT OF PUBLIC RESOURCES

Topic 3: Effective use of Public Funds

The participants were informed about the increasing evolution and progress of e-governance especially in developing countries which is the transformation of governments to provide efficient, transparent and convenient services to their citizens through information and communication technologies. The Committee learned of new concepts that entailed: -

- The use of e-governance that stimulates good governance which is an exercise of socio-economic political and administrative authority to improve the management of public resources in all levels of government. As such it was imperative for the county governments to enhance automation of its services which will to a large extent reduce corruption especially in processes that involves exchange of money.
- Use of e-government where there will be faster access of government services and increase in the transparency and accountability of government activities.
- Decentralization of responsibilities and processes which is therefore key to ensure enhanced accountability and overall prudent utilization of public funds

It was noted further that technology played an integral role in reducing pilferage of public funds through establishment and strengthened surveillance of technological infrastructure which ensures public resources are utilized on budgeted capital projects and programmes. This is against the backdrop that many countries especially the developing ones have failed to fully embrace effective internal controls which are critical for the overall management of public finance. Such controls framework includes among other things; control environment, risk assessment and information and communication. The state and public officers too play an important role in ensuring that internal control of public funds works effectively.

Despite the fact that many developing countries have introduced automated expenditure controls, there is need for commitment especially from the government employees and politicians to ensure improvement on technological reforms and oversight which is key component to reduce cases of corruption and misuse of public funds.

It was further submitted that putting systems in place to control use of public funds will ensure effectiveness and efficiency whereby several aspects become part of the new normal and culture of an organization such as the following: -

- Transparency in the management of funds;
- Value for money/public funds is maintained at all times in earmarked capital projects;
- Budget allocations are informed and based on accurate previous financial data;
- Timely approval and release of funds for proposed projects/programmes; and,
- Prudent utilization of funds and disciplinary actions are taken against state and public officers found to misappropriate, divert or misuse public funds

2.5 FRAUD DETECTION AND PREVENTION IN GOVERNMENTS

Topic 3: Impact of fraud in governments

The Members were educated that public service was prone to fraud which is a criminal dishonesty intended to result in financial or personal gain which leads to financial losses

that affects the credibility and standing of an organization. The participants were further informed as follows: -

- Fraud compromises optimal performance of an organization and affects public confidence;
- Putting up anti-fraud controls would reduce fraud losses;
- Officers charged with governance are responsible to ensure that anti-fraud controls are established to detect common fraud schemes in order to help mitigate the associated fraud risks.
- Strategies on Risk Management and internal control systems need to be implemented, monitored and modified as necessary by governments and governing bodies
- Public officials can navigate the challenges related to prevention and detection of fraud by: -
 - Understanding the organization and exploring key drivers of revenue and related benchmarks.
 - Being active in the budget making process and evaluating historical trends
 - Brainstorming with senior public officials, external and internal auditors to identify fraud risks
 - Reviewing weaknesses and compliance deficiencies and creating a whistleblower policy which involves creating a whistleblower hotline
 - Understanding the objectives of financial audit and forensic audit which helps to discover frauds
- The common fraud schemes included skimming, forgery or alteration, unauthorized vendor distribution, unauthorized payroll disbursements amongst others which should be mitigated against to avoid loss of public funds that can be directed to other sectors for better use.

2.6 STRENGTHENED OVERSIGHT AUTHORITY

Topic 4: Strengthening Oversight role of Legislators

The training underscored that effective legislature was paramount in promoting good governance and was critical element in the overall governance framework of a Country and the committee learnt the following: -

- Greater accountability, transparency and participation were directly related to the three cardinal roles of legislators: representation, lawmaking and oversight;
- Legislative oversight particularly sought to ensure the executive remain accountable especially in the use of public resources;
- More focus is shifting to parliamentary committees and the legislative output of committees. As such, committees should remain the primary vehicle for formulating recommendations to the government.
- The involvement of key stakeholders through public participation should be undertaken to strengthen oversight and increase acceptability of key financial decisions.

3.0 CONCLUSION

The training provided an ample opportunity for the Committee to be equipped with key knowledge in discharging its mandate specifically on investigation, inquiry into and reporting on all matters related to coordination, control and monitoring of the of the county budget. The Committee was also able to gain an understanding of how the audit process impact the overall County Budget usage. There is however need to continue capacity built the Committee on scrutinizing the various budget related documents by organizing more trainings.

3.1 RECOMMENDATIONS

Following the visit and the training to Dubai, the Committee invites the Assembly to resolve as follows: -

- 1) That regular risk assessment be undertaken by the government to ensure proper controls are in place to guard against losses of public funds;
- 2) That oversight, being one of key responsibilities of legislatures be strengthened through continuous trainings and capacity development of legislators;
- 3) That decentralization of key county governments' operations and processes be encouraged to enhance efficiency and accountability of such processes and operations;
- 4) That the County Government should take deliberate steps to ensure that Leadership and Integrity Principles are adhered to by all public and state officers in liaison with other bodies mandated to enforce them;
- 5) That the Customer Centric Approach (through public participation) take the centre stage to ensure the citizens of Nairobi desires are captured and implemented in all annual budgets;
- 6) That the County Government endeavor to have a culture change training for all its officers as part of rebranding in transformation of public service delivery.

