

COUNTY GOVERNMENT OF NAIROBI CITY



*Paper read by
Chair Budget
Committee on
26/6/18
J. J. J. J.
cc
26/6/18*

NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – SECOND SESSION

SEVENTH REPORT OF THE SELECT COMMITTEE ON FINANCE, BUDGET AND
APPROPRIATIONS

ON

THE SECOND SUPPLEMENTARY ESTIMATES FOR THE FY 2017-18 FOR THE NAIROBI
CITY COUNTY GOVERNMENT AND COUNTY ASSEMBLY

JUNE 2018

1. PREAMBLE

Madam Speaker, on behalf of the Members of the Select Committee on Finance, Budget and Appropriations and pursuant to the provisions of Section 135 of the Public Finance Management Act, 2012, the Public Finance Management (County Government) Regulations 2015 and Standing Order 228 it is my pleasure to present to this Assembly, this report on the Second Supplementary Estimates for the FY 2017-18.

The provisions of Standing Order 199 establish 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

Madam Speaker, the County Assembly Finance, Budget & Appropriations Committee comprises of the following 19 Members:

- | | |
|-------------------------------|-------------|
| 1. Hon. Robert Mbatia, MCA | Chair |
| 2. Hon. Patrick Karani, MCA | Vice- Chair |
| 3. Hon. Michael Ogada, MCA | |
| 4. Hon. Osman Adow, MCA | |
| 5. Hon. Chege Mwaura, MCA | |
| 6. Hon. Anthony Ngaruiya, MCA | |
| 7. Hon. Kariuki Wanjiru, MCA | |
| 8. Hon. J.M Komu, MCA | |
| 9. Hon. Paul Ndungu, MCA | |
| 10. Hon. James Kariuki, MCA | |

11. Hon. Susan Mukungu, MCA
12. Hon. Catherine Okoth, MCA
13. Hon. Emily Oduor, MCA
14. Hon. Herman Azangu, MCA
15. Hon. Nancy Muthami, MCA
16. Hon. Elias Okumu, MCA
17. Hon. Peter Imwatok, MCA
18. Hon. Jane Muasya, MCA
19. Hon. Fredrick Okeyo, MCA

Madam Speaker, the second Supplementary Estimates for the FY 2017-18 were submitted to the Assembly pursuant to the provisions of Section 135 of the Public Finance Management (PFM) Act, 2012 and laid on the table of the Assembly on Tuesday 12th June 2018 by the Chair of the Finance, Budget and Appropriations Committee. Once laid, the estimates stood committed to the Select Committee on Finance, Budget and Appropriations, Select Committee on Wards Development Fund and Sectoral Committee on Transport and Public Works for consideration and reporting in line with their distinct mandates provided for under Standing Order 228 read together with the provisions of Standing Order 222.

Examination of the Supplementary Estimates (II) for the FY 2017-18


The Committee held a total of two sittings (2) sittings to review and discuss these Supplementary Estimates. In these meetings, the Committee heard submissions from the County Executive Committee Member for Finance, the County Executive Committee Member for Transport, the County Secretary and other key officers of the County Executive. The Committee hence wishes to confirm without a shadow of a doubt that all stakeholders in the budget process have been accorded right of reply before the finalization of this report.

Acknowledgment

Madam Speaker, I would like to thank Members of the Committee; the Office of the Speaker and Office of the Clerk for their specific contribution and support towards the successful completion of the scrutiny of these estimates.

Madam Speaker, It is therefore my utmost privilege and distinct honour on behalf of the Committee to table this report on the Second Supplementary Estimates for the FY 2017-18 and recommend it to the Assembly for adoption.

Signed.....



Date.....

26th June 2018

Hon. Robert Mbatia, MCA

Chairman: Finance, Budget and Appropriations Committee

2. SCRUTINY OF THE NAIROBI CITY COUNTY SECOND SUPPLEMENTARY ESTIMATES FOR THE FY 2017-18

2.1. SUPPLEMENTARY BUDGET FOR THE FY 2017-18

1. **Madam Speaker**, the revised County Budget stands at Kshs. 33, 649,692,148 with the revised recurrent budget standing at Kshs. 25,284,301,849 while the revised development budget stands at Kshs. 8,365,390,290. In the approved figures the County Assembly had granted authority for expenditure on rolling out of the bursaries fund, implementation of the emergency fund, ensuring that the County employees access high quality medical insurance, delineating resources for sorting out the City's water infrastructure as well as supporting a myriad of devolved functions.
2. **Madam Speaker**, one again it important to remind this Chamber that supplementary budgets are prepared to provide for scenarios that were unforeseen during the time of making the annual budgets. The provisions of the Regulation 39 of the PFM (County Government) Regulations 2015 have elaborated in great detail how supplementary estimates should be arrived at and how the same should be dispensed with by the County Assembly. The regulations among others allow Accounting Officers to spend not more than 10% for various programmes and votes of the approved budgets but the same has to be subject to the concurrence of the County Executive Committee Member responsible for Finance. The Regulation decree that the purpose for which approval is sought for a supplementary budget shall be unforeseen and unavoidable expenditures only. It is further clarified that those expenditures which were known during the time of consideration of annual estimates but could not be accommodated in the estimates shall not be considered unavoidable.
3. **Madam Speaker**, for more clarity, the provisions of Section 135 (1) and (2) of the Public Finance Management Act, 2012 empowers a County Government through its Accounting Officers 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 requires, must then be followed with a supplementary budget in support of the same. From the foregoing it is clear that supplementary budgets can be used to request for new funds or to ratify funds that have already been spent within the legal parameters. The Committee confirms that the second supplementary estimates for the FY 2017-18 have adhered to these primary legal principles.

4. **Madam Speaker**, the 2nd supplementary estimates have been submitted to among others provide basis for payment of various wards development budgets that have been undertaken, certificates raised but could not be paid for due to the technicalities surrounding the implementation of the Wards Development Fund Act, 2014. During this exercise, the Committee heard from the County Executive officials on how the Controller of Budget has been reluctant to release allocations for projects under the Fund. It is for this reason that the County Executive agreed with the Select Committee on Wards Development Fund that the amounts be transferred to the Transport Sector for ease of requisition and payment. In this regard there is proposed reallocation of Kshs. 755million from the Wards Development Fund Vote to the Transport and Public Sector for payment of complete projects. It is noteworthy that the amounts transferred represent the quantum of the projects thus far undertaken through the fund.
5. **Madam Speaker**, the County Executive submitted that the amounts set aside for payment of utilities to Kenya Power and Lighting Company has also been proposed for an upward revision by Kshs. 100million. The amounts have been reduced from the Kshs. 120million allocated for enterprise survey which cannot be fully rolled out in the current financial year. These represent the fulcrum of the supplementary in addition to the minor reallocations that have been done across various votes to reflect the expenditures incurred between the time the First Supplementary Estimates were

submitted to the County Assembly and the time they Supplementary Appropriations Bill was assented to.

6. Madam Speaker, the Finance, Budget and Appropriations Committee has reviewed the Supplementary Estimates together with the submissions of the County Executive and the two Committees and wishes to confirm that the intention is to improve the face of the County by ensuring that those who undertake works for the County are compensated for jobs done. The Committee therefore requests that this House approves the Second Supplementary Estimates for the FY 2017-18 to enable the utilization of the funds before 30th June 2018.

2.2. SUBMISSIONS FROM THE SECTORAL COMMITTEE ON TRANSPORT AND PUBLIC WORKS AND THE SELECT COMMITTEE ON WARDS DEVELOPMENT FUND





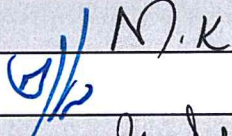
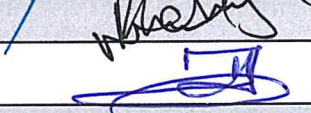


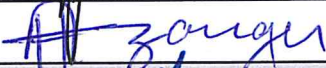

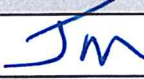
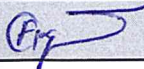
7. Madam Speaker, the Committees submitted to the Finance, Budget and Appropriations Committee that they are satisfied with the rationale for the review of the budget and hence recommended that the estimates be approved as proposed.

3. RECOMMENDATIONS

Madam Speaker, in conclusion and pursuant to the provisions of Section 135 (2) and (4) of the Public Finance Management Act 2012 and Standing Order 228 the County Finance, Budget and Appropriation Committee recommends that:

“This County Assembly adopts the Report of the Select Committee on Finance, Budget and Appropriations on the Second Supplementary Budget Estimates for the Nairobi City County Government and County Assembly for the FY 2017-18”

We the undersigned Members of the Finance, Budget and Appropriations Committee affirm that this is the approved report of the Committee on the Consideration of the Second Supplementary Estimates for the FY 2017-18 as adopted by the Committee on the 26th day of June 2018

NAME	SIGNATURE
1. Hon. Robert Mbatia, MCA	
2. Hon. Patrick Karani, MCA	
3. Hon. Michael Ogada, MCA	
4. Hon. Osman Adow, MCA	
5. Hon. Chege Mwaura, MCA	
6. Hon. Anthony Ngaruiya, MCA	
7. Hon. Kariuki Wanjiru, MCA	
8. Hon. J.M Komu, MCA	
9. Hon. Paul Ndungu, MCA	
10. Hon. James Kariuki, MCA	
11. Hon. Susan Makungu, MCA	
12. Hon. Catherine Okoth, MCA	
13. Hon. Emily Oduor, MCA	
14. Hon. Herman Azangu, MCA	
15. Hon. Nancy Muthami, MCA	
16. Hon. Elias Okumu, MCA	
17. Hon. Peter Imwatok, MCA	
18. Hon. Jane Muasya, MCA	
19. Hon. Fredrick Okeyo, MCA	

MINUTES OF THE 59TH SITTING OF 2018 OF THE NAIROBI CITY COUNTY ASSEMBLY
FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE (SECOND ASSEMBLY) HELD
ON TUESDAY 26TH JUNE 2018 AT 11.00AM AT THE RESOURCE CENTER, CITY HALL
BUILDINGS

PRESENT

- | | |
|-------------------------------|-------------|
| 1. Hon. Robert Mbatia, MCA | Chairperson |
| 2. Hon. Patrick Karani, MCA | Vice Chair |
| 3. Hon. Osman Adow, MCA | |
| 4. Hon. Herman Azangu, MCA | |
| 5. Hon. J.M Komu, MCA | |
| 6. Hon. Paul Ndungu, MCA | |
| 7. Hon. Emily Oduor, MCA | |
| 8. Hon. Michael Ogada, MCA | |
| 9. Hon. Fredrick Okeyo, MCA | |
| 10. Hon. Nancy Muthami, MCA | |
| 11. Hon. Wanjiru Kariuki, MCA | |
| 12. Hon. Jane Muasya, MCA | |
| 13. Hon. James Kariuki, MCA | |

ABSENT

14. Hon. Elias Okumu, MCA
15. Hon. Chege Mwaura, MCA
16. Hon. Peter Imwatok, MCA
17. Hon. Susan Makungu, MCA
18. Hon. Catherine Okoth, MCA
19. Hon. Anthony Ngaruiya, MCA

SECRETARIAT

- | | |
|-------------------------|-------------------|
| 1. Mr. Erick Otieno | -Fiscal Analyst |
| 2. Mr. Moses Senator | -Fiscal Analyst |
| 3. Ms. Elizabeth Tsombe | -Hansard Reporter |

MIN 264/FBAC/JUNE/2018: Preliminaries

The Chairperson called the meeting to order at 11.30am and opened the sitting with a word of prayer.

The following agenda for the day was adopted after being proposed by Hon. Herman Azangu and Seconded by Hon. Fredrick Okeyo.

1. Preliminaries
2. Confirmation of Minutes
3. Matters Arising
4. Consideration of the Draft Report on the Supplementary (II) Estimates FY2017/18
5. Consideration of the Draft Report on the Budget Estimates FY2018/19
6. Any Other Business
7. Adjournment

MIN 265/FBAC/ JUNE /2018: Confirmation of Minutes

The Agenda was postponed to the next meeting.

MIN 266/FBAC/ JUNE /2018: Consideration of the Draft Report on the Supplementary Estimates FY2017/18.

The Fiscal analyst took the Members through the draft report on the Supplementary Estimates for the FY2017-18. After deliberations the Committee adopted the report after being proposed by Hon. Osman Adow and being seconded by Hon. Nancy Muthami.

MIN 267/FBAC/ JUNE /2018: Consideration of the Draft Report on the Budget Estimates FY2018/19.

The Fiscal analyst took the Members through the Committee draft report on the estimates of Revenues and Expenditures for the FY 2018-19. He noted that as per the resolution of the Committee, the County Executive had rationalized the estimates to Kshs. 32.3billion. The Committee adopted the report after being proposed by Hon. Wanjiru Kariuki and being seconded by Hon. Emily Oduor.


MIN 268/FBAC/ JUNE /2018: Any Other Business


The Chairman reminded the Members that the County Executive Committee Member for Finance would be making pronouncement on the budget highlights and revenue raising measures into remain vigilant in the following two days as the Assembly considered the Committee reports on both the Second Supplementary Estimates for the FY 2017-18 and the Budget Estimates for the FY 2018-19

MIN 269/FBAC/ JUNE /2018: Adjournment

The time been five Minutes to one o'clock in the afternoon and having dispensed the business of the day the Chair adjourned the meeting.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.......... Date.....26/06/2018.....
(CHAIRMAN)

Sign.......... Date.....26/6/2018.....
(FISCAL ANALYST/COMMITTEE CLERK)

**MINUTES OF THE 56TH SITTING OF 2018 OF THE NAIROBI CITY COUNTY ASSEMBLY
FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE (SECOND ASSEMBLY) HELD
ON TUESDAY 19TH JUNE 2018 AT 11.00AM AT THE RESOURCE CENTER, CITY HALL
BUILDINGS**

PRESENT

- | | |
|-------------------------------|------------|
| 1. Hon. Robert Mbatia, MCA | Chair |
| 2. Hon. Patrick Karani, MCA | Vice Chair |
| 3. Hon. Susan Makungu, MCA | |
| 4. Hon. Anthony Ngaruiya, MCA | |
| 5. Hon. Nancy Muthami, MCA | |
| 6. Hon. Wanjiru Kariuki, MCA | |
| 7. Hon. Osman Adow, MCA | |
| 8. Hon. Herman Azangu, MCA | |
| 9. Hon. J.M Komu, MCA | |
| 10. Hon. Catherine Okoth, MCA | |
| 11. Hon. Paul Ndungu, MCA | |
| 12. Hon. Emily Oduor, MCA | |
| 13. Hon. Fredrick Okeyo, MCA | |

ABSENT

- 14. Hon. Elias Okumu, MCA
- 15. Hon. Chege Mwaura, MCA
- 16. Hon. Michael Ogada, MCA
- 17. Hon. James Kariuki, MCA
- 18. Hon. Peter Imwatok, MCA
- 19. Hon. Jane Muasya, MCA

IN – ATTENDANCE: TRANSPORT AND PUBLIC WORKS COMMITTEE

- | | |
|----------------------------|---------------|
| 1. Hon. James Mwangi, MCA | Chairman |
| 2. Hon. Mark Mugambi, MCA | Vice-Chairman |
| 3. Hon. Kennedy Obuya, MCA | |

4. Hon. Fredrick Njogu, MCA
5. Hon. Joyce Muthoni, MCA
6. Hon. David Ayoi, MCA
7. Hon. Paul Kados, MCA
8. Hon. Patricia Musyimi, MCA
9. Hon. Anthony Ngaruiya, MCA
10. Hon. Osman Adow, MCA
11. Hon. Evans Otiso, MCA
12. Hon. Wilson Ochola, MCA
13. Hon. Geophrey Majiwa, MCA
14. Hon. Mary Mwami, MCA
15. Hon. Mark Ndung'u, MCA
16. Hon. Hafsa Khalif, MCA

IN ATTENDANCE- WARD DEVELOPMENT FUND COMMITTEE

- | | |
|-----------------------------|-------------|
| 1. Hon. Mutheu Musyimi, MCA | Chairperson |
| 2. Hon. Fredrick Njogu, MCA | |
| 3. Hon. Samora Mwaura, MCA | |
| 4. Hon. Naftali Ogola, MCA | |
| 5. Hon. Paul Shem, MCA | |

IN-ATTENDANCE- COUNTY EXECUTIVE OFFICIALS

- | | |
|--------------------------|---------------------------------------|
| 1. Mr. Charles Kerich | - Ag. CECM for Finance |
| 2. Mr. Mohammed Dagane | -CECM for Roads and Infrastructure |
| 3. Mr. Peter Kariuki | -County Secretary |
| 4. Mr. Stephen Mwangi | -Chief Officer Lands |
| 5. Eng. Fredrick Karanja | -Chief Officer Roads and Public works |
| 6. Ms. Winfred Wangui | -Chief Officer Economic Planning |
| 7. Mr. Ekaya Alumasi | -Ag. Chief Officer Finance |
| 8. Mr. James Ngunjiri | -Ag. Head of County Budget. |

- | | |
|-------------------------|--|
| 9. Mr. Stephen Mutua | -Ag. Head of County Treasury -Accounting |
| 10. Ms. Josephine Kithu | -Ag. CEO WDF |
| 11. Mr. Ingwe Peter | -Accountant, Transport Sector |
| 12. Mr. Tiras Kamau | - Budget Officer |
| 13. Ms. Ebby Emily | -Accountant WDF |

SECRETARIAT

- | | |
|--------------------------|------------------|
| 1. Mr. Erick Otieno | -Fiscal Analyst |
| 2. Mr. Austine Inyundele | -Clerk Assistant |
| 3. Mr. Sammy Kiplimo | -Clerk Assistant |
| 4. Mr. Moses Senator | -Fiscal Analyst |
| 5. Ms. Rose Kanana | -Clerk Assistant |
| 6. Ms. Elizabeth Tsombe | -Hansard Report |

MIN 250/FBAC/JUNE/2018: Preliminaries

The Chairperson called the meeting to order at 11.00am and opened the sitting with a word of prayer.

MIN 251/FBAC/ JUNE /2018: Deliberations with the County Executive Officers on Supplementary Two 2017/18

The Chair opened the discussions by calling for a round of introduction. He welcomed the Officers of County Executive to the Meeting and thanked them for the timely response. He went ahead to remind the participants that the purpose of the meeting was to deliberate on the second supplementary budget submitted. Hon. Mbatia called upon the Executive Officers to explain to the Members why it was necessary for the County to institute another supplementary so late in the financial year.

The A.g.CECM Member for Finance and Economic Planning started by reminding the Committee that the County Executive was and remained to be in full support of the WDF. He went ahead to remind the meeting that since the Act was passed the Office of Controller of Budget had continually declined to honor requisitions from the County to pay for WDF projects. The Officer informed the Members that the Supplementary budget

was meant to move funds from WDF to Transport Sector so as to be able to pay for the WDF Projects.

In his part the County Secretary acknowledged the challenges being faced by the County in accessing funds from the Controller of budget and told Members that all possible avenues were been pursued to resolve the issue.

The Ag. Head of County Budget told the Members that the resolution to move funds from the WDF vote to the Infrastructure Vote had been arrived at after the Select Committee on WDF held a sitting with the COB and subsequently communicated County Treasury through the Office of the Clerk. He further informed the Members that County treasury would be reallocating funds towards the settling of pending electricity bills.

On his part the CECM Transport concurred with the statement by the Head of Budget that the decision to transfer funds from WDF vote to the transport vote arose after communication from the Assembly on the resolutions of the WDF Committee.

In plenary the following issues arose:-

- The Members requested the County Executive to provide a list of all projects that were going to be paid through the reallocated funds and their degree of completion;
- The Members asked the County Executive to pledge that it was capable of paying the projects in the remaining ten days to end of FY. The CS confirmed that only the projects that had gone through the payment process and in the internet banking (IB) platform would be paid;
- The Committee requested the County Treasury to provide the list of WDF projects pending in IB;
- The Chief Officer Roads raised a concern that some WDF projects such as Schools and Dispensaries were not in the Roads Sector and the same was supposed to be corrected during reallocations;
- The Committee sought reassurance that the County Executive would ensure smooth payment process for the projects without contractor's chasing after payments in offices. The County Secretary told the Committee that the conduct between Officers and Contractors was being limited to reduce corruption; and

— The Members sought reassurances that only high quality projects would be paid for. The CEC Roads assured the Members that an audit of the projects was underway to ensure value for money.

MIN 252/FBAC/ JUNE /2018: Any Other Business


The Chairman reminded the Members and the Officers of the County Executive that the pronouncement of Revenue raising measures and policies would be on the 21st June 2018 and requested all to attend. He went ahead to tell the Executive Officers that the Committee would be holding a meeting with them to finalize on the reviewing of the Budget Estimates in preparation for tabling on 27th June 2018.

MIN 253/FBAC/ JUNE 2018: Adjournment

The time been thirty Minutes past one o'clock in the afternoon and having dispensed with the business of the day the Chair adjourned the meeting.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

Sign.......... Date.....26/06/2018.....
(CHAIRMAN)

Sign.......... Date.....26/6/18.....
(FISCAL ANALYST/COMMITTEE CLERK)

