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1/8/19

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY – THIRD SESSION

NBI CA. PLC. 2019/ (059)

1st August, 2019

PAPER LAID

Pursuant to the provisions of Section 166 (4) (a) of the Public Finance Management Act, 2012, I beg to lay the following paper on the Table of the Assembly, today Thursday, 1st August, 2019: -

THE 4TH QUARTER BUDGET IMPLEMENTATION REPORT FOR THE FINANCIAL YEAR
2018/2019

(Chairperson, Select Committee on County Finance, Budget & Appropriations)

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

*Paper laid by
Hon. Wairera
Chege on 1/08/2019
Dr. Lile F.C.A
1/08/2019*

NAIROBI CITY COUNTY



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Nairobi
KENYA

FINANCE AND ECONOMIC PLANNING SECTOR

CECM (FEP)/CK/ran/706/2019

31st July, 2019

The Clerk
Nairobi County Assembly
Clerks Chambers
Nairobi



RE: 4TH QUARTER BUDGET IMPLEMENTATION REPORT FOR FY 2018/2019

The above matter refers.

In accordance with Section 166 of the Public Finance Management Act, 2012 forwarded herewith, please find the *4th Quarter Budget Implementation Report* for the Financial Year 2018/2019.

HALKANO DIIDA WAQO
For: COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Copy to: **Controller of Budget**
Bima House

County Budget Coordinator
Nairobi City County
Nairobi

CA - Judy
Process to today
1/8/19

SW/C. A. L. P.
Table and
refer to
the Budget
Committee
JCC
31/7

NAIROBI CITY COUNTY



2018/19FY 4TH QUARTER BUDGET IMPLEMENTATION REPORT

JULY 2019

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LEGAL BASIS FOR THE BUDGET IMPLEMENTATION REPORT

The Budget Implementation report is published pursuant to Section 166 of the Public Finance Management Act 2012.

1. Section 166.(1) An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report;

(a).contains information on the financial and non-financial performance of the entity; and

(b). Is in a form determined by the Accounting Standards Board

(3). Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.

(4). Not later than one month after the end of each of quarter, the County Treasury shall,

(a). Consolidate the quarterly reports and submit them to the county assembly.

(b). Deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and

(c).publish and publicise them

(5). In the case of an entity that is a county corporation the accounting officer for the corporation shall also submit a copy of the quarterly report to the County Executive Committee member responsible for the corporation ,who, upon approving it shall submit a copy to the County Treasury

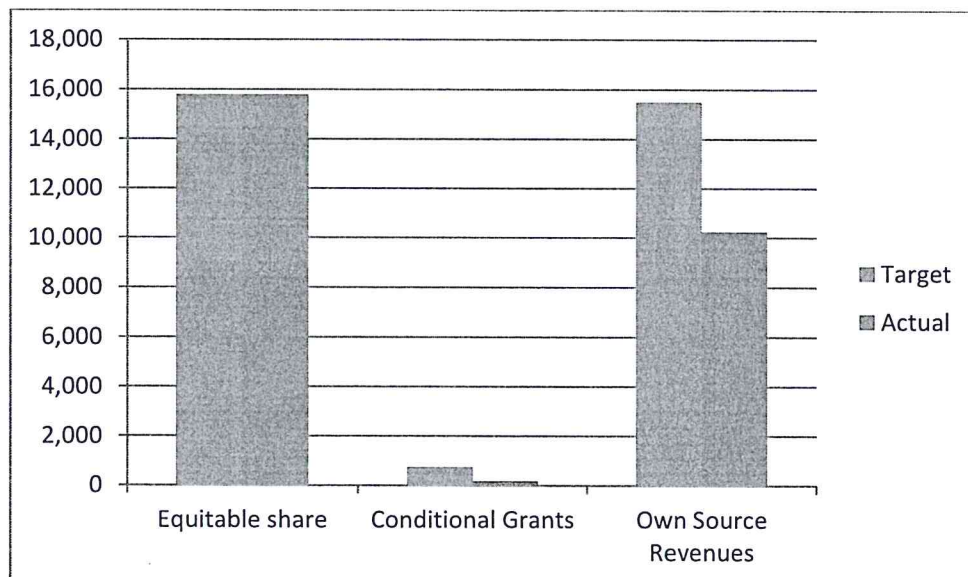
FISCAL PERFORMANCE FOR THE YEAR 2018/2019

Revenues

2. By end of 30th June 2019 total accumulated revenues including national government transfers and appropriations in aid amounted to Kshs 26.2 billion against a target of Kshs 32.03 billion (**Table 1**) which is 82% of the annual target.

Table 1: Total Revenue (Millions) Performance as at 30th June 2019

Revenue Source	Annual Target	ACTUALS					% Performance
		Q1	Q2	Q3	Q4	TOTAL	
Equitable share	15,794	790	4,106	4,343	6,555	15,794	100
Conditional Grants	745	-	26	31	116	173	23
Own Source Revenues	15,497	1,794	1,938	4,510	2,006	10,248	66
Total	32,036	2,584	6,070	8,884	8,677	26,215	82



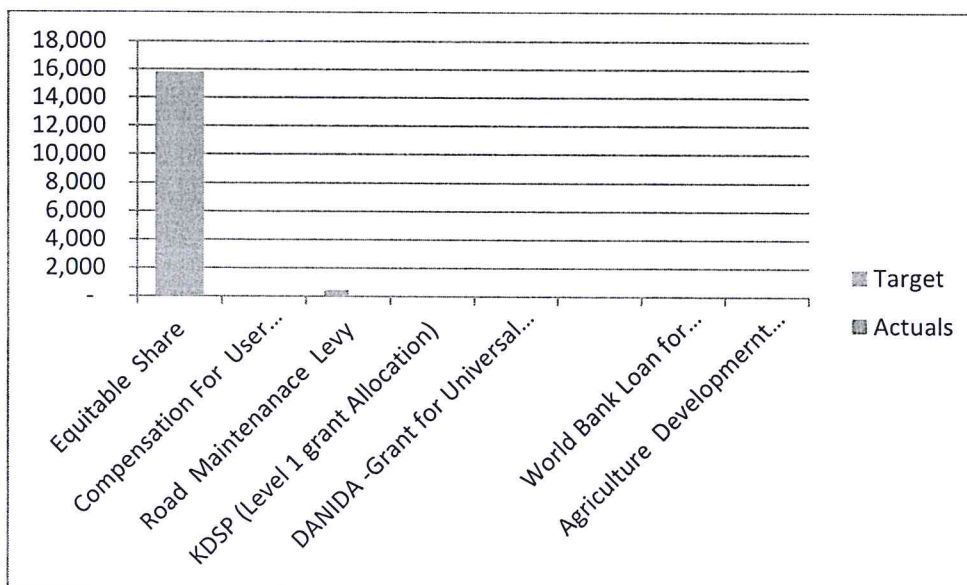
Source: County Treasury

External Revenues

3. Total external transfers as at 30th June 2019 from the National Government and other agencies amounted to Kshs 15.967 billion (**Table 2**) against an annual target of Kshs 16.539 billion, which is about 97% of the target. The performance was largely affected by the delayed remittances of some conditional grants due to late compliance with the conditionalities.

Table 2: External Transfers (Millions) as at 30th June 2019

Source	Target	Q1	Q2	Q3	Q4	TOTAL	%
Equitable Share	15,794	790	4,106	4,343	6,555	15,794	100
Compensation For User Fees Forgone	79	-	-	-	79	79	100
Road Maintenance Levy	416	-	-	-	-	-	0
KDSP (Level 1 grant Allocation)	83	-	-	-	-	-	0
DANIDA -Grant for Universal Healthcare in Devolved Governments	52	-	26	-	26	52	100
Conditional Grants to Development of Youth Polytechnics	35	-	-	-	-	-	0
World Bank Loan for Transforming Health System for universal Care System	54	-	-	31	2	33	60
Agriculture Development Support Project	26	-	-	-	9	9	36
Total	16,539	790	4,132	4,374	6,671	15,967	97



Source: County Treasury

Own Source Revenues

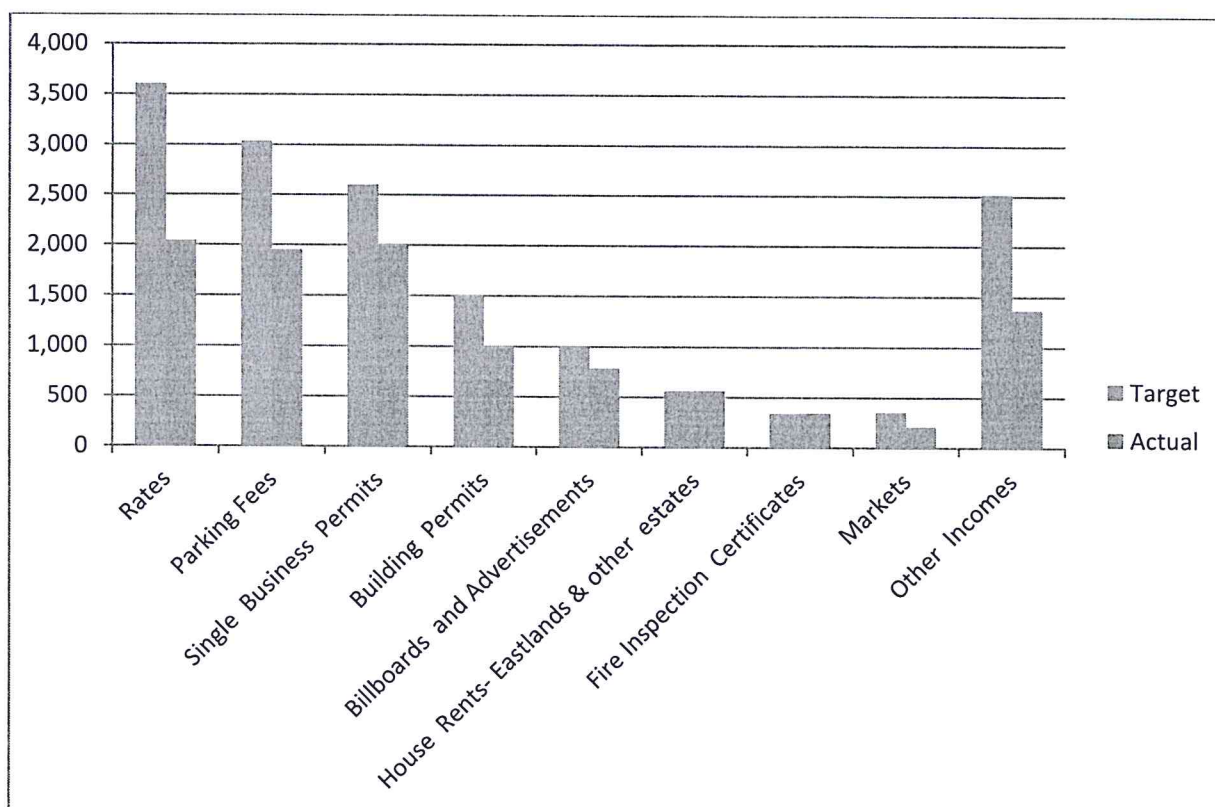
4. Total collections in regard to own source revenues including Appropriations In Aid (Liquor Fees) amounted to Kshs 10.2 billion (**Table 3**) as at 30th June 2019 against an annual target of Kshs 15.5billion representing an overall performance 66 % of targeted revenues. This was an improvement from the FY 2017/2018 by about 1% . However the total projected revenues at the end of the fourth quarter is expected to fall below the targeted revenues of Kshs 15.5billion.

Table 3: Own Sources Revenue (OSR) FY 2018/2019 as at 30th June 2019

OWN SOURCES REVENUE	Target	Q1	Q2	Q3	Q4	Total	% Performance
Rates	3,600	220	168	1,286	368	2,042	57
Parking Fees	3,030	464	477	597	416	1,954	64
Single Business Permits	2,600	123	349	1,213	308	1,992	77
Building Permits	1,500	305	278	219	186	990	66
Billboards and Advertisements	1,000	99	158	366	162	785	79
House Rents- Eastlands & other estates	560	182	131	142	108	563	100
Fire Inspection Certificates	340	25	64	223	31	344	101
Food Handlers Certificates	230	42	40	83	35	199	87
Regularisation of buildings	180	4	6	7	9	25	14
Wakulima Market	125	24	27	12	24	86	69
Other Markets	227	50	45	12	16	124	55
Other Incomes	2,105	256	194	352	343	1,145	54
TOTAL OWN SOURCES REVENUE	15,497	1,794	1,938	4,510	2,006	10,248	66

Source: County Revenue Department

Revenue Target against Actuals as at 30th June 2019



5. Challenges affecting Revenue Performance

- Outdated valuation rolls
- Lack of information by payers for all county taxes
- Lack full automation for all revenue streams
- Lack adequate resources for revenue mobilization
- legal frame and policies for revenue collection and enforcement on noncompliance
- Offer of waivers
- Poor coordination of collection as revenue streams not under the control of treasury
- Unreconciled revenue data with IFMIS, LAIFOMS and other channels

6. Measures to improve revenue performance

- Aggressive enforcement on non compliant customers
- Monitoring and evaluation of performance

- Business process review including review of the revenue structure of the revenue collection responsibilities.
- Legislation of all revenue streams
- Leverage on technology to enhance efficiency
- Revenue potential study /create database of all revenue possible

7. Accounts Receivables as at 30th June 2019

SNO	ITEM	30/6/2019
1	Sundry Debtors	619,033,295
2	Estate Other than Eastlands	132,439,814
3	TPS/MKT Stalls	82,256,347
4	Rates	461,957,733,111
5	private loading zones	16,460,000
6	Loading Zones GOK	677,600,800
7	Eastland Rents	288,343,047
8	Advertisements	277,688,200
9	S.B.P	467,013,500
10	TOL	62,968,700
11	Outstanding Imprests	24,907,000
12	Way leave Fees	946,143,955
13	KPLC	820,000,000
	Total	466,372,587,768

The County is considering the services of professionals to pursue the defaulters.

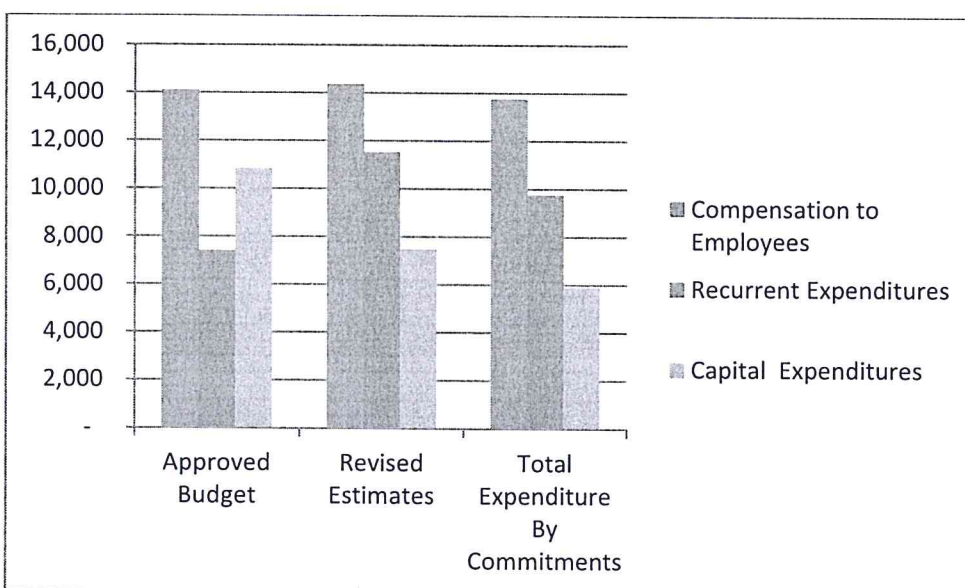
EXPENDITURE

8. Total expenditures by commitments including County Assembly amounted to Kshs 29.4 billion against a budget of Kshs 33.4 billion(Table4). The overall absorption rate of the total budgeted was 88% of the revised budget. The high uptake of other recurrent and development expenditures is attributed to commitments of paying bills . This is expected to change with the

Table 4: Expenditure by Economic classification For the FY 2018/2019

ITEM	Approved Budget	Revised Estimates	Total Expenditure By Commitments	%
Compensation to Employees	14,070,337,576	14,340,208,831	13,743,088,955	96
Recurrent Expenditures	7,403,449,239	11,527,051,683	9,764,390,645	85
Capital Expenditures	10,836,454,000	7,477,591,024	5,900,444,727	79
Total	32,310,240,815	33,344,851,538	29,407,924,327	88

Expenditure by Economic classification



8.Challenges in Budget Implementation for Fy 21018/2019

- Lengthy Procurement Process
- Delay in payments
- Inadequate capacity building for staff in dev't of ADP& CIDP
- Lack of budget implementation Committees at Sector Level
- Projects Conceptualization
- Shortfall in own source revenues
- Slow implementation of conditional grants

PENDING BILLS

10. The total stock outstanding debts stood at Kshs 70.2 billion as at 31st December 2018 an increase of Kshs 3.6billion from Kshs 66.6billion as at 30th June 2018 due to growth in statutory debts penalties an increase of about 15%.

The increase is mainly due to:

- Increase in penalties on statutory debts.
- Updating of legal creditors register.
- Increase of unpaid suppliers /contractors due to revenue under performance.

Table 6: Outstanding Debts as at 31st December 2018.

TYPE	30.06.2017 (In Millions)	30.06.2018 (In Millions)	31.12.2019 (In Millions)
Statutory creditors	23,018	30,133	33,762
Suppliers/Contractors	3,788	5,198	5,209
Legal Creditors	2,339	5,442	5,442
Utilities	487	876	864
Loan	4,973	3,024	3,024
Contingent Liabilities	21,768	21,768	21,768
Employee benefits- Retirees/ Deceased	142	135	135
TOTAL	56,516	66,576	70,204

10. Strategies to deal with debts;

The following are the strategies being pursued to deal with the debts as contained in the Debt Management Strategy Paper 2018.

- Verification of pending bills by the Pending Bills Committee
- Clearance of all current statutory debts to contain growth statutory creditors.
- Debt Asset Swaps
- Debt Rescheduling and renegotiations
- Enhancing revenue collection and fiscal discipline.

ANNEXE 1: REVENUE PERFORMANCE FOR THE YEAR 2018/2019

REVENUES STREAMS	Approved Est	Revised Est	Q1	Q2	Q3	Q4	Cumm. Total	% Performance
Equitable Share	15,794	15,794	790	4,106	4,343	6,555	15,794	100
Compensation For User Fees Forgone	79	79	-	-	-	79	79	100
Road Maintenance Levy	416	416	-	-	-	-	-	-
KDSP (Level 1 grant Allocation)	83	83	-	-	-	-	-	-
DANIDA -Grant for Universal Healthcare in Devolved Governments	52	52	-	26	-	26	52	100
Conditional Grants to Development of Youth Polytechnics	35	35	-	-	-	-	-	-
World Bank Loan for Transforming Health System for universal Care System	54	54	-	-	31	2	33	60
Agriculture Development Support Project	-	26	-	-	-	9	9	36
TOTAL EXTERNAL REVENUES	16,514	16,539	790	4,132	4,374	6,671	15,967	97
Rates	3,600	3,600	220	168	1,286	368	2,042	57
Parking Fees	3,030	3,030	464	477	597	416	1,954	64
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Regularisation of buildings	180	180	4	6	7	9	25	14
Wakulima Market	125	125	24	27	12	24	86	69
Other Markets	227	227	50	45	12	16	124	55
Other Incomes	2,105	2,105	256	194	352	343	1,145	54
TOTAL OWN SOURCES REVENUE	15,497	15,497	1,794	1,938	4,510	2,006	10,248	66
GRAND TOTAL	32,010	32,036	2,584	6,070	8,885	8,677	26,216	82

Annexe II : Total Expenditure By Commitments as at 30th June 2019

VOTE	SECTOR	Approved Estimates			Revised Estimates			Actual			% Absorption	
		Rec	Dev't	Total	Rec	Dev't	Total	Rec	Dev't	Total	Rec	Dev't
5311	COUNTY PUBLIC SERVICE BOARD	55	5	60	45	0	45	37	0	37	80	
5312	OFFICE OF GOVERNOR & DEPUTY GOVERNOR	4,462	90	4,552	7,040	20	7,060	6,423	8	6,431	91	41
5313	ICT, EGOVT & PUBLIC COMMUNICATIONS	239	188	427	268	50	318	224	0	224	84	0
5314	FINANCE & ECONOMIC PLANNING	2,131	154	2,285	3,100	1,409	4,509	2,806	1,352	4,158	91	96
5315	HEALTH	6,324	601	6,925	6,252	304	6,556	5,416	154	5,570	87	51
5316	URBAN PLANNING & LANDS	370	133	502	369	86	455	355	67	421	96	77
5317	PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	1,206	5,405	6,611	1,173	4,411	5,585	1,095	3,589	4,685	93	81
5318	EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	1,647	473	2,120	1,608	342	1,951	1,541	317	1,857	96	93
5319	TRADE, COMMERCE, TOURISM & COOPERATIVES	491	318	809	481	188	669	439	94	534	91	50
5320	PUBLIC SERVICE MANAGEMENT	1,113	70	1,183	954	0	954	926	0	926	97	
5321	AGRICULTURE, LIVESTOCK DEVT, FISHERIES & FORESTRY	373	149	522	370	63	433	262	28	290	71	45
5322	COUNTY ASSEMBLY	1,387	592	1,979	1,387	36	1,422	1,365	0	1,365	98	0
5323	ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	1,357	963	2,320	2,471	245	2,716	2,294	97	2,391	93	40
5324	URBAN RENEWAL & HOUSING	89	321	410	128	85	213	110	41	151	86	49
5325	WARD DEVELOPMENT FUND	26	1,213	1,238	16	86	102	14	86	100	87	100
5326	EMERGENCY FUND	0	80	80	0	80	80	0	30	30		37
5327	LIQUOR LICENSING BOARD	205	83	288	205	72	277	202	7	209	99	10
	Total Expenditure	21,474	10,836	32,310	25,867	7,478	33,345	23,507	5,872	29,379	91	79

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