

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY-THIRD SESSION

NBI CA. PLC. 2019 / (049)

19th June, 2019

PAPER LAID

Pursuant to Standing Order 191 (6) I beg to lay the following Paper on the Table of the Assembly, today Tuesday 18th June, 2019.

THE FOURTEENTH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET & APPROPRIATIONS ON THE SUPPLEMENTARY ESTIMATES (III) FOR THE FY 2018/2019 FOR THE NAIROBI CITY COUNTY GOVERNMENT AND THE COUNTY ASSEMBLY.

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

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

Approved
Dr
19/06/19

Paper laid by
Chairperson Budget
Committee on Tuesday
19/06/2019.
A. O. O.
D.C.
19/6/19.

11-1-14

COUNTY GOVERNMENT OF NAIROBI CITY



*Paper laid on Wed.
19/6/2019 by the
Chairperson Finance,
Budget Committee
AAOmy
DLC
19/6/19*

NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – THIRD SESSION

14TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND
APPROPRIATIONS

ON

THE THIRD SUPPLEMENTARY ESTIMATES FOR THE FY 2018-19 FOR THE NAIROBI
CITY COUNTY GOVERNMENT AND COUNTY ASSEMBLY

JUNE 2019

I. PREAMBLE

Mr. Speaker Sir, 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 Third Supplementary Estimates for the FY 2018-19.

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

Mr. Speaker Sir, 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. Daniel Ngengi, 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. Nimo Haji, MCA
15. Hon. Nancy Muthami, MCA
16. Hon. Elias Okumu, MCA
17. Hon. Paul Shilaho, MCA
18. Hon. Jane Muasya, MCA
19. Hon. Fredrick Okeyo, MCA

Mr. Speaker Sir, the third Supplementary Estimates for the FY 2018-19 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 Thursday 13th June 2019. Once laid, the estimates stood committed to the Select Committee on Finance, Budget and Appropriations for consideration and reporting in line with the distinct mandates provided for under Standing Order 228 read together with the provisions of Standing Order 222.

Examination of the Supplementary Estimates (III) for the FY 2018-19

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 on the rationale for the proposed reallocations on the approved budget estimates. The Committee hence wishes to confirm without a sheer of a doubt that all stakeholders in the budget process have been accorded right of reply before the finalization of this report.

Acknowledgment

Mr. Speaker Sir, 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.

Mr. Speaker Sir, it is therefore my utmost privilege and distinct honour on behalf of the Committee to table this report on the Third Supplementary Estimates for the FY 2018-19 and recommend it to the Assembly for adoption.

Signed.....

Date.....19/06/2019.....

Hon. Robert Mbatia, MCA

Chairman: Finance, Budget and Appropriations Committee

II. SCRUTINY OF THE NAIROBI CITY COUNTY THIRD SUPPLEMENTARY ESTIMATES FOR THE FY 2018-19

1. **Mr. Speaker Sir**, on 30th April this year this County Assembly approved the second supplementary budget for the FY 2018-19 totaling Kshs. 33.34billion consisting of Kshs. 23.38billion for recurrent and Kshs. 9.68billion for development expenditures. The pinnacle of the approved budget was to grant authority for increased allocation for garbage collection to Kshs. 1.7billion, transfer of uncommitted funds of Kshs. 801million from the WDF vote to the Public Works Sector for payment of complete WDF projects, additional allocation of Kshs. 162million for settling of pending legal fees, Kshs. 175million for purchase of vehicles for County Executive Committee Members among other minor reallocations across various Sectors. The third supplementary estimates submitted has retained the total County Budget at Kshs. 33.34billion with the revised recurrent budget standing at Kshs. 25.87billion while the revised development budget stands at Kshs. 7.48billion. With that allocation there is a proposed increase in recurrent budget by Kshs. 2.49billion with the development budget projected to reduce by a similar amount.
2. **Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee has been vocal and unrelenting in reminding this Chamber on the circumstances under which supplementary budgets can be prepared, how they should be submitted and the mode of dispensing with the same in this house. The hallmark of the legal provisions on supplementary budgets is that they should only be prepared to take care of matters that were unforeseen during the time of preparing the annual budget estimates. Further, such matters to be considered must remain unavoidable during the time of preparing the supplementary budget. To provide more clarity on the legal provisions, the provisions of Regulation 39 of the PFM (County Government) Regulations 2015 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 concurrence of the County Executive Committee Member

for Finance must then be followed by tabling of revised estimates on the reallocations and over- expenditures to the County Assembly for approval. The Regulation decree 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. It is therefore the expectation of the law that supplementary estimates should not be used as an avenue to correct mistakes arising from poor planning and improper prioritization at the time of making the annual budget. 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 in the scrutiny of the tabled estimates confirmed that the third supplementary estimates for the FY 2018-19 have been prepared in tandem with the statutory requirements.

3. **Mr. Speaker Sir**, the third supplementary estimates have been submitted to among others provide basis for payment of pending bills that were verified and approved by the Pending Bills Committee. The Pending Bills Committee was gazetted to scan through the pending claims and satisfy themselves that they are genuine and payable. At the end of the verification period, the Pending Bills Committee okayed bills worth Kshs. 5.3billion out of which Kshs. 2.7billion are for supply of goods and services while Kshs. 2.6billion is for decretal fees. This is in line with His Excellency the President directive that Counties should set aside resources for settling of pending bills that are devoid of audit queries. This supplementary budget therefore aims to provide resources to the tune of Kshs. 2billion for settling of part of the amount owed to suppliers and Kshs. 2billion for paying part of the pending legal obligations. Further, the Estimates have been submitted to give life to His Excellency the Governor's executive order that all uncommitted amounts for purchase of vehicles across various departments be consolidated and transferred to the Public Health Sector for purchase of ambulances. In this regard, Kshs. 100million has been set aside for purchase of ambulances and the Committee urges the Sector to move with speed and ensure the amounts are committed before the financial year runs out. These represent the fulcrum of the supplementary in addition to the minor reallocations that

have been done across various votes in line with the provisions of Section 135 and 154 of the PFM Act 2012.


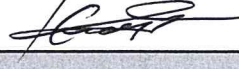
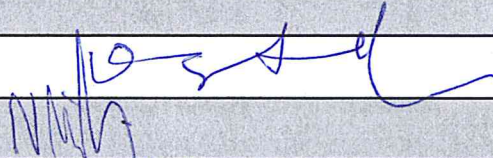


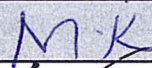
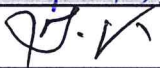
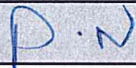
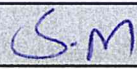

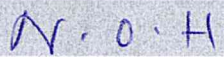
4. **Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee has reviewed the Supplementary Estimates together with the submissions of the County Executive Committee Member for Finance and wishes to confirm that the intention is to improve the face of the County by ensuring that those who undertake works for the County are compensated for jobs done. The Committee therefore requests that this House approves the Third Supplementary Estimates for the FY 2018-19 to enable the utilization of the funds before 30th June 2019.

III. RECOMMENDATIONS

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 228 the Select Committee on County Finance, Budget and Appropriations recommends that:

“This County Assembly adopts the Report of the Select Committee on County Finance, Budget and Appropriations on the Third Supplementary Budget Estimates for the Nairobi City County Government and County Assembly for the FY 2018-19”

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 Third Supplementary Estimates for the FY 2018-19 as adopted by the Committee on the 19th day of June 2019

NAME	SIGNATURE
1. Hon. Robert Mbatia, MCA	
2. Hon. Patrick Karani, MCA	
3. Hon. Michael Ogada, MCA	
4. Hon. Osman Adow, MCA	
5. Hon. Daniel Ngengi, MCA	
6. Hon. Anthony Ngaruiya, MCA	
7. Hon. Kariuki Wanjiru, MCA	
8. Hon. J.M Komu, MCA	
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