

COUNTY GOVERNMENT OF NAIROBI CITY



NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – THIRD SESSION

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

ON

THE SUPPLEMENTARY ESTIMATES (II) FOR THE FY 2018-19 FOR THE NAIROBI CITY
COUNTY GOVERNMENT AND THE COUNTY ASSEMBLY

APRIL 2019

*Paper land
The 1st of May
The 30.4.19
@ 10.30am
S. Mwangi
S. Mwangi
30.4.19*

1. PREAMBLE

Mr. Speaker Sir, once in every year this County Assembly is required to communicate to the County Government and the County Assembly Service Board on the resources allocated to them for various programmes as well as projections on how the budget would be funded. This is done through the annual estimates of revenues and expenditures submitted to the County Assembly by 30th April in each calendar year. Once approved, the law provides that the accounting officers are expected to report to this house on the challenges experienced in the process of budget implementation some of which are cured through supplementary budgets. As partial fulfillment of these legal requirements the second supplementary estimates for the FY 2018-19 were submitted to the County Assembly for consideration and approval.

Mr. Speaker Sir, as the end product of the review of the supplementary budget estimates, and 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 read together with the provisions of Standing Order 222 it is my pleasure to present to this Assembly, this report on the Second Supplementary Estimates for the FY 2018-19.

Mr. Speaker Sir, 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 Finance Bills and Appropriations Bills; and
- e) Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlay

Mr. Speaker Sir, the Members of the County Assembly Finance, Budget & Appropriations Committee who reviewed the Second Supplementary Estimates for the FY 2018-19 and compiled this report were the following:

- | | |
|-------------------------------|-------------|
| 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. Paul Shilaho, MCA | |
| 15. Hon. Nancy Muthami, MCA | |
| 16. Hon. Elias Okumu, MCA | |
| 17. Hon. Nimo Hajji, MCA | |
| 18. Hon. Jane Muasya, MCA | |
| 19. Hon. Fredrick Okeyo, MCA | |

Mr. Speaker Sir, the Supplementary Estimates (II) 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 Wednesday 10th April 2019. Once laid, the estimates stood committed to the Select Committee on Finance, Budget and Appropriations and the Sectoral Committees 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 2018-19

The Committee held a total of six sittings to review and discuss these Supplementary Estimates. In these meetings, the Committee heard submissions from the County Executive Committee Member for Finance, the Chairpersons of the respective Sectoral Committees who were accompanied with the respective Sector County Executive Committee Members, the Sector Chief Officers and other key officers of the County Executive. In this regard therefore, the Committee wishes to confirm to this House without a sheer of a doubt that all relevant stakeholders in the budget process have been accorded right of reply before the finalization of this report.

Acknowledgment

Mr. Speaker Sir, the Committee wishes to pay special tribute to the following for the integral role they played in helping it finalize consideration of the Supplementary Budget Estimates:

- a) The Office of the Speaker for the support and guidance received throughout this process;
- b) The Office of the Clerk for the facilitation throughout the process;
- c) The Assembly leadership led by the Leader of Majority and the Leader of the Minority parties for their availability to consult on matters related to the estimates;
- d) Officers of the County Executive who appeared before various Committees to explain to Members the contents of the estimates;
- e) Members of the County Assembly who reviewed and made recommendations on the Estimates through the Sectoral Committees;
- f) The County Assembly Budget Office and the Sectoral Committee Clerk Assistants for helping Members of the County Assembly understand the contents of the estimates

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

Signed.....

Date..... 30/04/2019

Hon. Robert Mbatia, MCA

Chairman: Finance, Budget and Appropriations Committee

2. SCRUTINY OF THE NAIROBI CITY COUNTY SUPPLEMENTARY ESTIMATES (II) FOR THE FY 2018-19

2.0. SUPPLEMENTARY BUDGET FOR THE FY 2018-19

1. **Mr. Speaker Sir**, Members may recall that on the 21st day of December 2018 this County Assembly approved the first supplementary estimates for the FY 2018-19. In the approved first supplementary budget, the County Assembly had allowed the County Government to spend a total of Kshs. 33,344,851,538 out of which Kshs. 22,410,397,538 was meant for recurrent expenditure while Kshs. 10,934,454,000 was meant for development expenditure.
2. **Mr. Speaker Sir**, the revised County Budget stands at Kshs. 33, 344,851,538 with the revised recurrent budget standing at Kshs. 22,407,257,538 while the revised development budget stands at Kshs. 9,937,594,000. With the revised figures there has been an increase in the recurrent budget by 4% while the development budget has been reduced by about 10% compared to the amounts approved in the first supplementary budget. The revised development budget constitutes 29.8% of the overall budget thereby remaining within the legal requirements of 30% limit.
3. **Mr. Speaker Sir**, through the approval granted by this County Assembly in December last year, the Finance and Economic Planning Sector had been allowed to spend Kshs. 2.4billion to ensure that the County remains on the path of financial prudence and fiscal discipline. To ensure that the County implements the Big Four Plan on Universal Health Coverage the Health Sector budget had been set at Kshs. 6.99billion while the Environment Sector had been allowed to spend Kshs. 2.76billion for maintenance of a clean environment free from pollution and environment degradation. To continue rolling out quality education programmes that would fit into the National Government's Competency Based Curriculum, support youth programmes as well as implement various social activities, the Education Sector budget had been set at Kshs. 2.07billion. On the specific items of interest to Members of this Chamber, the County Assembly had permitted the County Government to spend in excess of Kshs. 440million for bursaries for both primary and secondary education, Kshs. 50million for construction of modern kiosks, Kshs. 1.234billion for ward development fund,

Kshs. 80million for emergency fund programmes and Kshs. 446million for water resources management.

4. Further, **Mr. Speaker Sir**, the County had been authorized to continue ensuring that the County employees access conducive working environment through timely payment of salaries, provision of quality medical insurance and facilitation through other necessary working instruments. The import of an effective legislative arm of the County Government cannot be gainsaid and it is for this reason that the County Assembly was granted a budget ceiling of Kshs. 1.979billion for both recurrent and development expenditures.
5. **Mr. Speaker Sir**, the second supplementary estimates have been submitted to among others provide basis for payment of additional Kshs. 600million required for Contractual Guards under the Environment Sector. With that proposed increase the annual allocation for garbage collection has hit Kshs. 1.7billion. The revised budget has also been submitted to provide basis for reallocation of Kshs. 801million uncommitted wards development fund allocation from the Wards Development Fund to the Public Works, Transport and Infrastructure Sector. This is in line with the agreement reached between the County and the Office of the Controller of Budget on how to ensure that the projects are implemented as envisioned in the Act. To take care of pending legal obligations, the Legal Department has been allocated additional Kshs. 162million whereas the allocation for the County Executive bursaries has been enhanced by Kshs. 100million making the total annual allocation for bursaries to equal over Kshs. 560million. Further the supplementary budget intends to provide Kshs. 175million for purchase of motor vehicles for County Executive Committee Members, Kshs. 10million for installation of generator and Kshs. 210million for hire of security guards.
6. **Mr. Speaker Sir**, supplementary budgets are not only prepared as instruments to request for additional resources but also to rationalize expenditures and knock out programmes that are unlikely to be implemented, reduce allocation for specific items in line with commitment figures and also align revenue performance to projected expenditures. In the tabled supplementary estimates (II) for the FY 2018-19 there is proposed rationalization of the

development budget for the Urban Renewal and Housing Sector by Kshs. 129million and downward reduction of the County Assembly development budget by Kshs. 454million. The tabled supplementary budget also intends to provide resources for payment of pending bills with Kshs. 100million allocated under Public Works Sector, Kshs. 58million allocated under Trade Sector, Kshs. 60million allocated under Urban Planning Sector, Kshs. 46million allocated under Trade Sector and Kshs. 63million allocated under Finance Sector for that purpose.

7. **Mr. Speaker Sir**, in addition to the above adjustments, the fulcrum of the supplementary estimates is for this house to okay the reallocations that have been undertaken across the various sectors in line with the provisions of Section 135 and 154 of the PFM Act, 2012. The reallocations have been done for various votes to reflect the expenditures incurred between 1st July 2018 and the time the Second Supplementary Estimates were prepared and submitted to the County Assembly.

2.1. COMPLIANCE OF THE SUPPLEMENTARY ESTIMATES TO THE PREVAILING LEGISLATION

8. **Mr. Speaker Sir**, the Select Committee on County Finance, Budget and Appropriation is mandated to review and inform this Chamber on the extent to which tabled budget documents have complied with the legal parameters set in the Constitution, the Public Finance Management Act, 2012, the Public Finance Management (County Government) Regulations, 2015 and the County Assembly Standing Orders. Supplementary budgets are living documents which are prepared on a need by need basis to provide for scenarios that were unforeseen during the time of preparing the annual budgets or the preceding supplementary estimates. The provisions of 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

enabling legislation and the accompanying regulations 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.

9. **Mr. Speaker Sir**, 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 annual 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. Supplementary budgets therefore can be used to request for new funds or to ratify funds that have already been spent within the legal parameters. On the management of emergency fund, the law requires that supplementary budgets should be submitted as soon as amounts have been spent out of the fund. The Committee has been consistent in reminding the County Treasury on the need to manage the fund in line with the provisions of Section 110-112 of the PFM Act and the regulations passed by this house.

10. **Mr. Speaker Sir**, the Committee in its previous reports has emphasized that supplementary budgets should not be used as avenues for introduction of expenditures that were known during finalization of the annual budgets but could not be included. This in effect implies that all expenditures that were knocked out from the annual estimates due to limited resources or untenability within the financial year must not find their way to the supplementary budget. The Committee notes that supplementary budgets are spontaneous developments and should not be planned for in advance. Additionally, the law does not anticipate that supplementary estimates should be used for introduction of new policy options and service delivery initiatives. In the past, the Budget Committee has advised the County Executive and the County Assembly Service Board to desist from introducing supplementary budgets at the peak of the budget process as the same are disruptive. The law expects that approved budgets should be fully implemented and effects of such

implementation evaluated before any changes are proposed. The Committee confirms that the supplementary estimates for the FY 2018-19 have largely adhered to these primary legal principles and any deviation from the legal stream shall be pointed out and amendments proposed.

2.2. SUBMISSIONS FROM THE SECTORAL COMMITTEES

11. Mr. Speaker Sir, during the consideration of these Supplementary Estimates the Committee received submissions from the respective Sectoral Committees led by respective Sectoral Committee Chairpersons, the County Executive Committee Members, the County Chief Officers and the respective Accountants attached to the various Sectors. The presentation provided insight on the rationale for proposed adjustments on the various Sector budgets. In summary these were the submissions from the various Sectoral Committees: -

A. Environment and Natural Resources Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

B. Planning and Housing Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.
- b) That the NIUPLAN be budgeted for and done with to avoid having it appear as roll over in every subsequent budget document.

C. Energy and ICT Committee

- a) That the ICT and E- Government Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.
- b) That additional Kshs. 13.8million be allocated to the Water and Energy Sub-Sector to finalize the clean energy bill water and sanitation policy Bill and regulations, as well as initiate the formulation of sewer revolving fund policy and bill

D. Water and Sanitation Committee

- a) That the Sub Sector budget be increased by Kshs. 213.8million being Kshs. 13.8million for recurrent and Kshs. 200million for payment of pending bills to Nairobi Water.

E. Culture and Community Services Committee

- a) That the budget for the Sub- Sectors that the Committee oversees be approved as proposed in the tabled in the Supplementary Estimates (II) for the FY 2018-19

F. Agriculture, Food and Forestry Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

G. Children, Early Childhood Education and Vocational Training Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

H. Health Services Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

I. Justice and Legal Affairs Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

J. Transport and Public Works Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

K. Wards Development Fund Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19.

L. Trade, Tourism and Co-operatives Committee

- a) That the Sector budget be approved as proposed in the tabled Supplementary Estimates (II) for the FY 2018-19

M. Labor and Social Welfare Committee

- a) That Kshs. 15million be allocated under Public Service Management to cater for Training under Human Resource Development;
- b) That under Youth Affairs and Sports Kshs. 5.5million be allocated for development of Nairobi City County Youth Policy.

12. **Mr. Speaker Sir**, the Committee notes that nine of the Sectoral Committees submitted that they were contented with the supplementary estimates as submitted. The submissions have informed the recommendations of the Budget Committee of the sector programmes. Approval of budget documents in itself does not guarantee delivery of services to the people and the Sectoral Committees should take the driver seat and ensure that the programmes proposed are rolled out at the earliest opportunity. The Sectoral committees should put in more effort towards oversight of implementation of respective Sector budgets and ensure challenges experienced in implementation are cured in time before the budget for the next financial year is operationalized.

3.0. RECOMMENDATIONS

13. **Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee has reviewed the Second Supplementary Estimates together with the submissions of the County Executive and the various Chairs of the Sectoral Committees and wishes to confirm that the intention is to ensure that the budget is responsive to the changing circumstances in the implementation of the budget. The Committee therefore requests that this House approves the Supplementary Estimates for the FY 2018-19 with the amendments herein to enable the utilization of the funds as proposed before 30th June 2019.

1) Policy Measures

14. **Mr. Speaker Sir**, in addition to the recommendations already contained in other parts of this report, the Finance, Budget and Appropriations Committee recommends that the County Assembly adopts the following measures: -

- a) That the County Executive Committee Member for Finance includes in the third quarter and full year reports submitted pursuant to the provisions of Section 166 of the PFM Act 2012, a brief on implementation of the revenue raising measures contained in the Finance Act 2018;
- b) That the County Treasury submits to the County Assembly report of the steering taskforce formed to address the challenges arising from revenue leakages and budget deficits;
- c) That the County Executive Committee Member immediately submits to the County Assembly a report on the extent of the accounting functions assigned to the respective County Chief Officers; and

- d) That in line with the provisions of Regulation 82 of the Public Finance Management (County Government), Regulations 2015 the County Treasury facilitates Sectors to open and operate individual accounts at the Central Bank of Kenya;

15. **Mr. Speaker Sir**, having considered the submissions from the respective Sectors and after consultation with the County Executive Committee Member for Finance, the Committee recommends that the following changes be affected in the Second Supplementary Budget Estimates for the FY 2018-19: -

2) Expenditure Reallocations

- a) That the County Assembly adopts the budgetary reallocations as contained in the tabled supplementary estimates (II) for the FY 2018-19

3) Budget Reductions

- a) That under the Office of the Governor and Deputy Governor (Inspectorate Headquarters) the allocation for Contracted Technical Services (Vote 2211311) be reduced by Kshs. 120million and the item on Contracted Technical Services and corresponding allocation of Kshs. 90million be moved to Education Sector;
- b) That under the Education, Youth Affairs, Sports, Culture and Social Services, the allocation for Scholarships and other Educational Benefits -Secondary Education (County Executive bursaries) be reduced by Kshs. 20million;
- c) That under the Urban Planning and Lands Sector the allocation of Kshs. 30million for purchase of vehicles be knocked off the budget;
- d) That under the ICT, E- Government and Public Communications Sector the allocation for purchase of software (Enterprise Resource Planner) be reduced by Kshs. 100million;
- e) That under the Finance and Economic Planning Sector (Revenue Mobilization) the allocation of Kshs. 63million for Other Creditors be reduced by Kshs. 20million;
- f) That under the Public Works, Transport and Infrastructure Sector the allocation of Kshs. 100million for payment of pending bills be knocked off the budget.
- g) That under the County Assembly the development budget be reduced by Kshs. 100million and the amounts be reinstated in the budget for the coming financial year




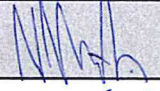

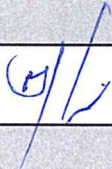
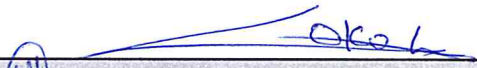


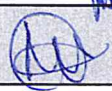
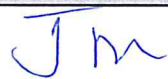

4) Budget Increases

- a) That under the Health Sector (Health Centres and Dispensaries Headquarters) the allocation for Other Operating Expenses (Vote 2211399) be increased by Kshs. 20million as the amounts are conditional grants from DANIDA;
- b) That under the Office of the Governor (Inspectorate Services) Kshs. 22million be allocated for leasing of vehicles;
- c) That the allocation for Legal affairs department be increased by Kshs. 40million to cater for pending legal bills;
- d) That under the Public Works, Transport and Infrastructure Sector, Kshs. 50million be allocated for construction of roads and drainages;
- e) That Kshs. 13million be allocated under Public Service Management to cater for Training under Human Resource Development;
- f) That under Youth Affairs and Sports Kshs. 5million be allocated for development of Nairobi City County Youth Policy;
- g) That under Environment, Water, Energy and Natural Resources Sector Kshs. 10million be allocated under Water Sub- Sector for subsistence allowance and other sector needs; and
- h) That under the Public Works, Transport and Infrastructure Sector, the allocation for Regeneration of Nairobi Eastlands Roads- Counterpart Funding be increased by Kshs. 330million.

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 County Finance, Budget and Appropriation Committee recommends that:

“This County Assembly adopts the Report of the Finance, Budget and Appropriations Committee on the Second 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 Second Supplementary Budget Estimates for the FY 2018-19 as adopted by the Committee on the 29th day of April 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	
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. Paul Shilaho, MCA	
15. Hon. Nancy Muthami, MCA	
16. Hon. Elias Okumu, MCA	
17. Hon. Nimo Hajji, MCA	
18. Hon. Jane Muasya, MCA	
19. Hon. Fredrick Okeyo, MCA	

**MINUTES OF THE 43RD SITTING OF 2019 OF THE NAIROBI CITY COUNTY ASSEMBLY
FINANCE, BUDGET AND APPROPRIATIONS COMMITTEE (SECOND ASSEMBLY) HELD
ON MONDAY 29TH APRIL 2019 AT 11.00AM AT COMMITTEE ROOM TWO, CITY HALL
BUILDINGS**

PRESENT

1. Hon. Robert Mbatia, MCA Chair
2. Hon. Patrick Karani, MCA Vice Chair
3. Hon. Catherine Okoth, MCA
4. Hon. Osman Adow, MCA
5. Hon. Michael Ogada, MCA
6. Hon. Jane Muasya, MCA
7. Hon. Daniel Ngengi, MCA
8. Hon. J.M Komu, MCA
9. Hon. Emily Oduor, MCA
10. Hon. Fredrick Okeyo, MCA
11. Hon. Paul shilaho, MCA
12. Hon. Elias Okumu, MCA
13. Hon. Anthony Ngaruiya, MCA
14. Hon. Nancy Muthami, MCA

ABSENT

1. Hon. Susan Makungu, MCA
2. Hon. Wanjiru Kariuki, MCA
3. Hon. Paul Ndungu, MCA
4. Hon. James Kariuki, MCA
5. Hon. Nimo Omar, MCA

SECRETARIAT

1. Mr. Erick Otieno -Fiscal Analyst
2. Mr. Musa Senator -Fiscal Analyst
3. Mr. Mohamed Galgalo -Fiscal Analyst, Intern

MIN 182/FBAC/APRIL/2019: Preliminaries

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

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

1. Preliminaries
2. Consideration and adoption of draft Committee report on the CFSP and DMSP 2019
3. Consideration and adoption of draft report on the Supplementary Estimates (II) for the FY 2018-19
4. Any Other Business
5. Adjournment

MIN 183/FBAC/APRIL/2019: Consideration and adoption of draft Committee report on the CFSP and DMSP 2019

The Fiscal Analyst took Members through the draft report on the County Fiscal Strategy Paper and the Debt Management Strategy Paper for the FY 2019-20. The Committee adopted the report with the following recommendations after being proposed by Hon. Fredrick Okeyo and being seconded by Hon. Jane Muasya.

I. POLICY MEASURES

— Finance and Economic Planning Sector

- a) That going forward, the County Executive Committee Member for Finance shall ensure that the following are attached to all budget documents submitted to the County Assembly: -
 - i. A copy of confirmed minutes of the County Executive Committee indicating the date the budget document was considered and approved by the County Executive Committee;
 - ii. Summary of the report arising from the Sector Working Groups;

- iii. Summary of issues arising from public hearings on the budget document under consideration including synthesis on how the matters were considered;
- iv. Report on implementation status of previous resolutions of the County Assembly on the budget document under consideration;
- v. Inventory of ongoing projects for all the Sectors including the expected completion date and the respective costs; and
- vi. Scientific data eg. Engineers estimates informing the costing of projects included in the budget documents.

- b) That not later than seven days after adoption of a report on any budget document, the County Treasury shall make necessary amendments to the tabled budget document and submit published copies to the County Assembly;
- c) That the County Executive Committee Member for Finance assigns full accounting functions to Sector Chief Officers as required by the provisions of Section 148 of the PFM Act, 2012;
- d) That in line with the provisions of Regulation 82 of the Public Finance Management (County Government), Regulations 2015 the County Treasury facilitates Sectors to open and operate individual accounts at the Central Bank of Kenya;
- e) That in line with the provisions of the Nairobi City County Office of the County Attorney Act, 2014, a separate vote be created in the Estimates indicating the budget estimates and programmes for the Legal Department. That the vote be named "Office of the County Attorney";
- f) That the development projects proposed by the Sectoral Committees and annexed to this report form the basis for preparation of the budget for the FY 2019-20;
- g) That the County implements and finalizes the incomplete projects from the previous financial years;

- h) That in line with the provisions of Section 109 of the PFM Act, 2012, the County Treasury develops and presents to the County Assembly a legislative framework exempting hospitals from sweeping their revenues to the County Revenue Fund;
- i) That the County Treasury shall ensure that all agency fees are budgeted for and spent in line with the provisions of the PFM Act, 2012;
- j) That to avoid any form diversion of conditional grants from Road Maintenance Levy Fund, the County opens an account to which these monies are deposited for proper funds utilization and accountability;
- k) That in compliance with the provisions of Section 159 of the PFM Act, 2012 and the Nairobi City County Tax Waivers Administration Act, 2013, all waivers shall be published in the Kenya gazette for public input and the waivers granted reported to the County Assembly not more than fourteen days after being granted; and
- l) That the County Executive Committee Member for Finance comes up with proper policies to regulate commitments and ensure that quarterly expenditure commitments match quarterly revenue inflows.

— **Public Service Management**

- a) That the Sector develops a policy to guide Voluntary Early Retirement and the same be presented to the County Assembly for consideration before the end of the current financial year;
- b) That measures initiated to ensure that actual expenditure on wages and salaries reduces gradually to 35% by FY 2020-21 be implemented; and
- c) That the training vote in all Sectors be centralized in the Public Service Management since the Sector is mandated to train and has the capacity, skill and knowledge to undertake trainings in line with their area of operations.

— **Trade, Commerce, Tourism and Cooperative Sector**

- a) That the Sector develops a policy on County Loans Scheme to support the SMEs and the same be submitted to the County Assembly for consideration before the end of the FY 2018-19;

— Office of the Governor and Deputy Governor

- a) That only one office block should be constructed at the sub-county level which should accommodate all the Departments to cut on cost of the construction and to improve efficiency in service delivery;
- b) That the County should pursue partnership with other government agencies and corporate organizations to reduce financial burden to the County; and
- c) That the budget estimates and programmes for the Public Communications be moved from the ICT Sector to the Office of the Governor.

— Office of the County Attorney

- a) That the office develops a policy on management of decretal fees to among others require that the fees be decentralized and budgeted for under the various Sectors; and
- b) That the Office prioritizes recruitment of Legal Counsels in the FY 2019-20

— Environment, Energy, Water and Natural Resources Sector

- a) That the Environment sector should strategize on efficient waste collection and transportation through zoning of waste collection operation areas, introduction of formal contracts between private waste collectors, CBO's on solid waste management and awareness creation and public participation in environment matters to Nairobi residents.

— Public Works, Transport and Infrastructure Sector

- a) That to enhance parking revenue collection, the County to acquire internally run electronic revenue payment system;

- b) That the County seeks funding in order to construct modern multi- story parking towers in the existing spaces in the CBD;
- c) That the County forms a working group including the sector accounting officers, Chief Officer for Finance and Head of Supply Chain Management that will meet periodically to assess and prioritize pending payments to service providers and contractors working with the County; and
- d) That going forward, the Sector to align the contract sums to the approved budget to avert the imbalances that occur in budgeting.

II. REVENUE PROJECTIONS

- a) That the revenue projections be amended by including Kshs. 700million as estimated bank balances to be carried forward from the FY 2018-19.

III. EXPENDITURE CEILINGS

- a) That the ceilings for the two arms of government be set as follows:
 - **County Assembly-** Kshs. 3.201 billion consisting of Kshs. 1.530billion for development and Kshs. 1.671billion for recurrent expenditures.
 - **County Executive –** Kshs. 32.083billion consisting of and Kshs. 9.463billion for development and Kshs. 22.620billion for recurrent expenditures.
- b) That the schedules 1, 2 and 3 attached to the report forms the basis for the FY 2019-20 budget.

IV. MEDIUM TERM DEBT MANAGEMENT STRATEGY

- a) That the Assembly approves the debt management strategies underpinning the 2019 CFSP and the budget estimates for the FY 2019-20 and that the same remains binding for the next two financial years.

MIN 184/FBAC/APRIL/2019: Consideration and adoption of draft report on the Supplementary Estimates (II) for the FY 2018-19

The Fiscal Analyst took the Members through the draft report on the Second Supplementary Estimates FY 2018-19. The Committee adopted the report with the following recommendations after being proposed by Hon. Anthony Ngaruiya and being seconded by the Hon Emily Odour.

1) Policy Measures

- a) That the County Executive Committee Member for Finance includes in the third quarter and full year reports submitted pursuant to the provisions of Section 116 of the PFM Act 2012, a brief on implementation of the revenue raising measures contained in the Finance Act 2018;
- b) That the County Treasury submits to the County Assembly report of the steering taskforce formed to address the challenges arising from revenue leakages and budget deficits;
- c) That the County Executive Committee Member immediately submits to the County Assembly a report on the extent of the accounting functions assigned to the respective County Chief Officers; and
- d) That in line with the provisions of Regulation 82 of the Public Finance Management (County Government), Regulations 2015 the County Treasury facilitates Sectors to open and operate individual accounts at the Central Bank of Kenya;

2) Expenditure Reallocations

- a) That the County Assembly adopts the budgetary reallocations as contained in the tabled supplementary estimates (II) for the FY 2018-19

3) Budget Reductions

- a) That under the Office of the Governor and Deputy Governor (Inspectorate Headquarters) the allocation for Contracted Technical Services (Vote 2211311) be reduced by Kshs. 120million and the item on Contracted Technical Services and corresponding allocation of Kshs. 90million be moved to Education Sector;

- b) That under the Education, Youth Affairs, Sports, Culture and Social Services, the allocation for Scholarships and other Educational Benefits -Secondary Education (County Executive bursaries) be reduced by Kshs. 20million;
- c) That under the Urban Planning and Lands Sector the allocation of Kshs. 30million for purchase of vehicles be knocked off the budget;
- d) That under the ICT, E- Government and Public Communications Sector the allocation for purchase of software (Enterprise Resource Planner) be reduced by Kshs. 100million;
- e) That under the Finance and Economic Planning Sector (Revenue Mobilization) the allocation of Kshs. 63million for Other Creditors be reduced by Kshs. 20million;
- f) That under the Public Works, Transport and Infrastructure Sector the allocation of Kshs. 100million for payment of pending bills be knocked off the budget.
- g) That under the County Assembly the development budget be reduced by Kshs. 100million and the amounts be reinstated in the budget for the coming financial year

4) Budget Increases

- a) That under the Health Sector (Health Centres and Dispensaries Headquarters) the allocation for Other Operating Expenses (Vote 2211399) be increased by Kshs. 20million as the amounts are conditional grants from DANIDA;
- b) That under the Office of the Governor (Inspectorate Services) Kshs. 22million be allocated for leasing of vehicles;
- c) That the allocation for Legal affairs department be increased by Kshs. 40million to cater for pending legal bills;
- d) That under the Public Works, Transport and Infrastructure Sector, Kshs. 50million be allocated for construction of roads and drainages;
- e) That Kshs. 13million be allocated under Public Service Management to cater for Training under Human Resource Development;
- f) That under Youth Affairs and Sports Kshs. 5million be allocated for development of Nairobi City County Youth Policy;
- g) That under Environment, Water, Energy and Natural Resources Sector Kshs. 10million be allocated under Water Sub- Sector for subsistence allowance and other sector needs; and

- h) That under the Public Works, Transport and Infrastructure Sector, the allocation for Regeneration of Nairobi Eastlands Roads- Counterpart Funding be increased by Kshs. 330million.

MIN 185/FBAC/APR/2019: Adjournment

The time being ten 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.....29th April 2019.....

(CHAIRMAN)

Sign.......... Date.....29/4/2019.....

(FISCAL ANALYST/COMMITTEE CLERK)

