

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

SECOND ASSEMBLY-FOURTH SESSION

NBI CA. PLC. 2020 / (011)

4th March, 2020

PAPER LAID

Pursuant to Section 135 of the Public Finance Management Act, 2012 I beg to lay the following Paper on the Table of the Assembly, today Wednesday 4th March, 2020.

THE TWENTY FIRST REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE FIRST SUPPLEMENTARY ESTIMATES FOR THE FINANCIAL YEAR 2019 TO 2020 FOR THE NAIROBI CITY COUNTY GOVERNMENT AND COUNTY ASSEMBLY

(Chairperson, Select Committee on Finance, Budget and Appropriation Committee)

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

*Paper Laid
4th March 2020
MSP
C-A*

*MSP
4/2/20*

COUNTY GOVERNMENT OF NAIROBI CITY

*Paper Laid
4th March 2020
KSP
C.A*



NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – FOURTH SESSION

21ST REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND
APPROPRIATIONS

ON

THE FIRST SUPPLEMENTARY ESTIMATES FOR THE FY 2019-20 FOR THE NAIROBI CITY
COUNTY GOVERNMENT AND COUNTY ASSEMBLY

MARCH 2020

I. PREAMBLE

Madam Speaker, the First Supplementary Revenue and Expenditure Estimates for the FY 2019-20 were tabled in the County Assembly on 22nd January 2020 during a special sitting. The estimates were tabled pursuant to the provisions of Section 135 of the Public Finance Management (PFM) Act, 2012, the Public Finance Management (County Government) Regulations 2015 and Standing Order 228.

The consideration of these Estimates were done by the Nairobi City County Assembly Finance, Budget & Appropriations Committee established pursuant to the provisions of Standing Order 199 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 20 Members:

- | | |
|-------------------------------|-------------|
| 1. Hon. Robert Mbatia, MCA | Chair |
| 2. Hon. Patrick Karani, MCA | Vice- Chair |
| 3. Hon. Michael Ogada, MCA | |
| 4. Hon. Samora Mwaura, MCA | |
| 5. Hon. Anita Thumbi, MCA | |
| 6. Hon. Anthony Ngaruiya, MCA | |
| 7. Hon. Elijah Mputhia, MCA | |
| 8. Hon. Millicent Mugadi, MCA | |
| 9. Hon. Paul Ndungu, MCA | |

10. Hon. Millicent Jagero, 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. Cecilia Ayot, MCA
17. Hon. Herman Azangu, MCA
18. Hon. Emapet Kemunto, MCA
19. Hon. Mellab Atemah, MCA
20. Hon. David Okelo, MCA

Examination of the Supplementary Estimates (I) for the FY 2019-20

The Committee held a total of three consultative meeting to review and discuss these Supplementary Estimates. In these meetings, the Committee heard submissions from the County Executive Committee Member for Finance, represented by their appointed officers, on the rationale for the proposed reallocations on the approved budget estimates.


Acknowledgment

Madam Speaker, the Budget Committee wishes to thank all Members of the County Assembly, the Office of the Speaker, Office of the Clerk and the County Assembly Budget Office for their specific contribution and technical support towards the successful completion of the scrutiny of these estimates.

Most importantly, **Hon. Speaker**, I wish to appreciate the Members of the Finance, Budget and Appropriations Committee for their insightful contributions that made the deliberations on these estimates informative and conclusive.

Madam Speaker, 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 2019-20 and recommend it to the Assembly for adoption.

Signed..........

Date..........

Hon. Robert Mbatia, MCA

Chairman: Finance, Budget and Appropriations Committee

II. SCRUTINY OF THE NAIROBI CITY COUNTY FIRST SUPPLEMENTARY ESTIMATES FOR THE FY 2019-20

1. **Madam Speaker**, on 25th September 2019 this County Assembly approved the Annual Estimates of Revenue and Expenditure for the FY 2019-20 totaling Kshs. 36.98billion consisting of Kshs. 25.71billion for recurrent and Kshs. 11.27billion for development expenditures. In the approved budget the County Government had purposed to prioritize garbage collection with an allocation, continue rolling out the Ward Development projects, implement the various critical programmes under the Public Works Sector, settle part of the pending bill for statutory creditors among other issues across various Sectors. The supplementary estimates submitted has retained the total County Budget at Kshs. 36.98billion with the revised recurrent budget standing at Kshs. 27.95billion while the revised development budget stands at Kshs. 9.03billion. With that allocation there is a proposed increase in recurrent budget by Kshs. 2.2billion with the development budget projected to reduce by a similar amount.
2. **Madam Speaker**, the Finance, Budget and Appropriations Committee has been consistent 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 cornerstone 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.

3. The Regulation decree, **Madam Speaker**, 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 first supplementary estimates for the FY 2019-20 have been prepared in tandem with the statutory requirements.
4. **Madam Speaker**, the third supplementary estimates have been submitted to provide basis for payment of pending bills that were audited by the Office of the Auditor General (OAG). The OAG picked up the work had by the Pending Bills Committee which in its report had found that there were 839 legitimate claims representing a total of Kshs. 11.4billion. In its report, the Pending Bills Committee also noted that there were 174 claims representing a total of Kshs. 6.1billion which were not recommended for payment due to various reasons ranging from lack of authenticity, lack of supporting documents among other reasons. On their part the OAG found that there was a total of Kshs. 23billion worth of pending bills as at 30th June 2018. Further the office noted that the outstanding eligible bills as at 15th February 2019 stood at Kshs. 10.8billion while ineligible bills amounted to Kshs. 11.3billion. The commitment and desire to settle pending bills 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. 2.825billion for settling of part of the recurrent pending bills and Kshs. 859million for settlement of part of the pending bills owed to development contractors. To make resources available for these payments, reallocations have been done across various votes in line with the provisions of Section 135 and 154 of the PFM Act 2012.



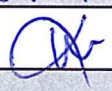
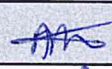
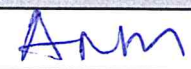
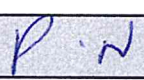

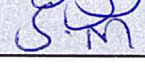
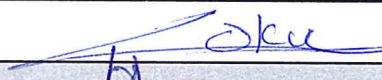


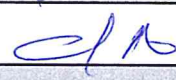
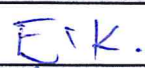


5. Madam Speaker, the Finance, Budget and Appropriations Committee has reviewed the Supplementary Estimates together with the submissions of the County Executive Committee Member for Finance and wishes to confirm that the intention is to improve the face of the County by ensuring that those who undertake works for the County are compensated for jobs done. The Committee therefore requests that this House approves the First Supplementary Estimates for the FY 2019-20 to enable the utilization of the funds before 30th June 2020.

III. 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 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 First Supplementary Budget Estimates for the Nairobi City County Government and County Assembly for the FY 2019-20”

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 First Supplementary Estimates for the FY 2019-20 as adopted by the Committee on the 4th day of March 2020

NAME	SIGNATURE
1. Hon. Robert Mbatia, MCA	
2. Hon. Patrick Karani, MCA	
3. Hon. Michael Ogada, MCA	
4. Hon. Samora Mwaura, MCA	
5. Hon. Anita Thumbi, MCA	
6. Hon. Anthony Ngaruiya, MCA	
7. Hon. Elijah Mputhia, MCA	
8. Hon. Millicent Mugadi, MCA	
9. Hon. Paul Ndungu, MCA	
10. Hon. Millicent Jagero, 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. Cecilia Ayot, MCA	
17. Hon. Herman Azangu, MCA	
18. Hon. Emapet Kemunto, MCA	
19. Hon. Mellab Atemah, MCA	
20. Hon. David Okelo, MCA	

**MINUTES OF THE 7th SITTING OF THE NAIROBI CITY COUNTY ASSEMBLY
FINANCE, BUDGET & APPROPRIATIONS COMMITTEE HELD ON WEDNESDAY 4TH
MARCH, 2020 AT 12.00 NOON IN CHARTER HALL.**

PRESENT

- | | | |
|--------------------------------|---|------------------|
| 1. Hon. Robert Mbatia, MCA | - | Chairperson |
| 2. Hon. Patrick Karani, MCA | - | Vice Chairperson |
| 3. Hon. Emapet Kemunto, MCA | | |
| 4. Hon. Paul Ndung'u, MCA | | |
| 5. Hon. Anthony Ngaruiya, MCA | | |
| 6. Hon. Nancy Muthami, MCA | | |
| 7. Hon. Samora Mwaura, MCA | | |
| 8. Hon. Catherine Okoth, MCA | | |
| 9. Hon. Cecilia Ayot, MCA | | |
| 10. Hon. Ann Thumbi, MCA | | |
| 11. Hon. Millicent Jagero, MCA | | |
| 12. Hon. David Okelo, MCA | | |
| 13. Hon. Michael Ogada, MCA | | |
| 14. Hon. Mellab Atemah, MCA | | |
| 15. Hon. Susan Makungu, MCA | | |

ABSENT

1. Hon. Millicent Mugadi, MCA
2. Hon. Paul Shilaho, MCA
3. Hon. Emily Oduor, MCA
4. Hon. Herman Azangu, MCA
5. Hon. Elijah Mpuhia, MCA

Secretariat:

1. Mr. Erick Roberts – Fiscal Analyst
2. Mr. Titus Muiruri – Clerk Assistant
3. Mr. Asman Omweri – Clerk Assistant
4. Mr. Musa Senator – Fiscal Analyst

MIN028/NCCA/FBAC/MARCH/2020:

PRELIMINARIES

— The Chair called the meeting to order at 12.09 p.m. and opened the meeting with a word of prayer. He then welcomed Members and the secretariat present to the meeting and took them through the agenda as follows:-

AGENDA

1. Preliminaries
2. **Analysis of Supplementary Estimates for FY 2019-20 & supplied documents**
3. Any Other Business
4. Adjournment

— The agenda of the meeting was proposed by Hon. Herman Azangu and seconded by Hon. Hon. Paul Ndung'u.

MIN029/NCCA/FBAC/MARCH/2020:- ADOPTION OF THE SUPPLEMENTARY ESTIMATES FOR FY 2019-20 REPORT

The Committee adopted the supplementary estimates report and resolved to have it tabled on the floor of the Assembly on 4th March, 2020.

The adoption of the report was proposed by Hon. David Okelo and seconded by Hon. Cecilia Ayot.

MIN030/NCCA/FBAC/MARCH/2020:-ANY OTHER BUSINESS

There was no any other business for the committee to transact.

MIN031/NCCA/FBAC/MARCH/2020:- ADJOURNMENT

There being no other business, the chair adjourned the committee sitting at 1.10 p.m.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS

SIGN.....
HON. ROBERT MBATIA (CHAIRMAN)

DATE..... 4th March 2020.....

SIGN.....
ASMAN J. OMWERI (COMMITTEE CLERK)

DATE.....H-3-2020.....