

GOVERNMENT OF NAIROBI CITY COUNTY



Laid on  
23/4/2024  
by Hon  
Odalo  
Abdulla  
Dhs  
23/4/2024

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(THIRD SESSION)

NCCA  
APPROVED  
3 APR 2024  
Sign: HON. SPEAKER

NCCA/TJ/PL/2024

23RD APRIL 2024

PAPER LAID

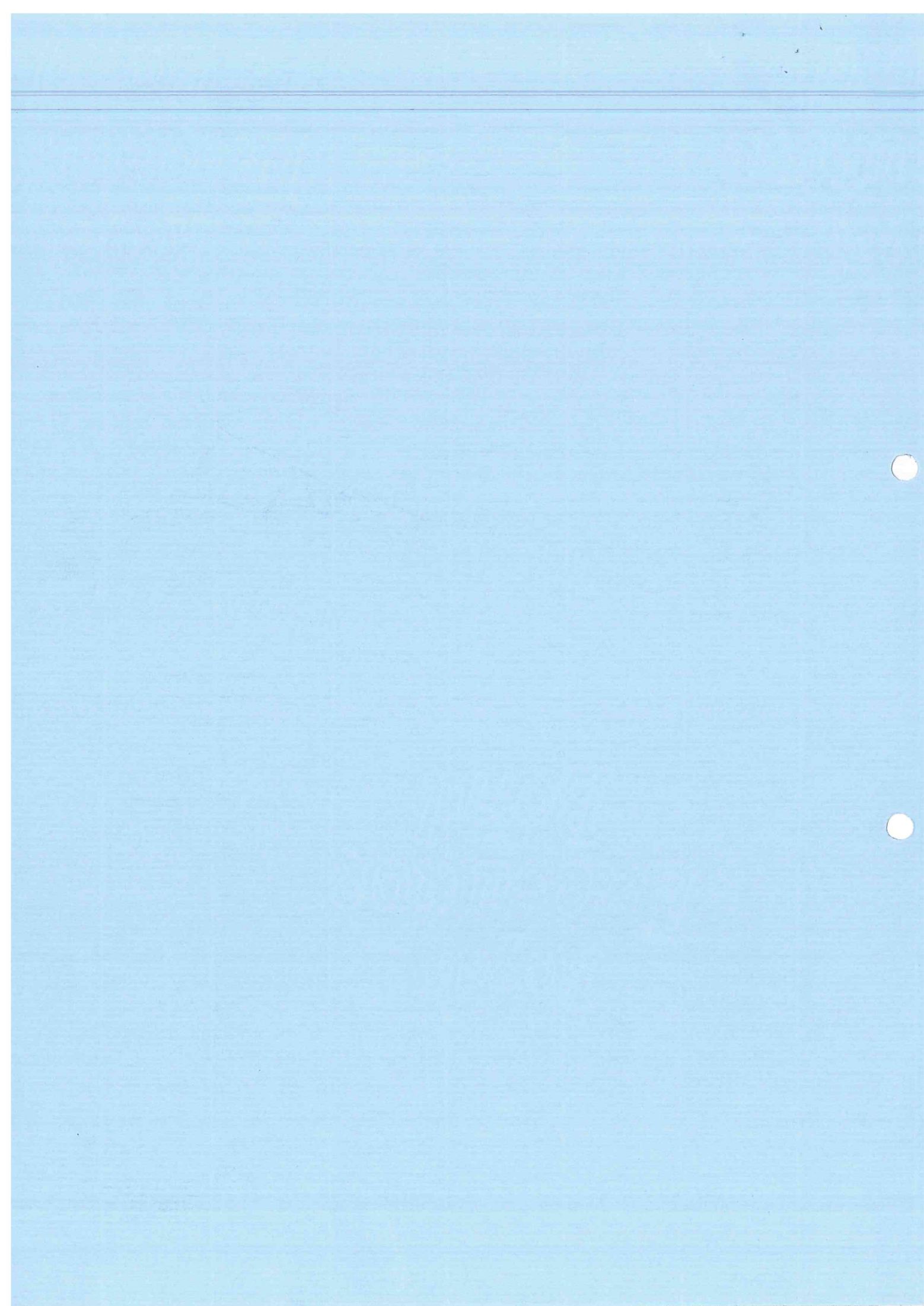
SUBJECT: REPORT ON COMMITTEE

Pursuant to Standing Order 196, I beg to lay the following Paper on the Table of this Assembly, today Tuesday 23<sup>rd</sup> April 2024:

— THE 17<sup>TH</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE SUPPLEMENTARY BUDGET ESTIMATES (I) FOR THE FY 2023/2024 FOR THE NAIROBI CITY COUNTY GOVERNMENT AND NAIROBI CITY COUNTY ASSEMBLY.

*(The Chairperson, Select Committee on County Finance, Budget and Appropriations)*

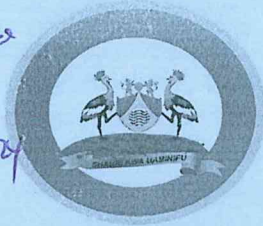
Copies to:  
The Speaker  
The Clerk  
Hansard Editor  
Hansard Reporters  
The Press



I Notice laid  
On 23/4/2024  
by Hon  
Dada  
Dada  
23/4/2024

(1) Paper laid  
on 23/4/2023  
by the Hon.  
Chairperson  
Budget & Hon  
23/04/2024

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

THIRD ASSEMBLY

(THIRD SESSION)

23<sup>rd</sup> APRIL 2024

NCCA  
APPROVED  
23 APR 2024  
HON. SPEAKER

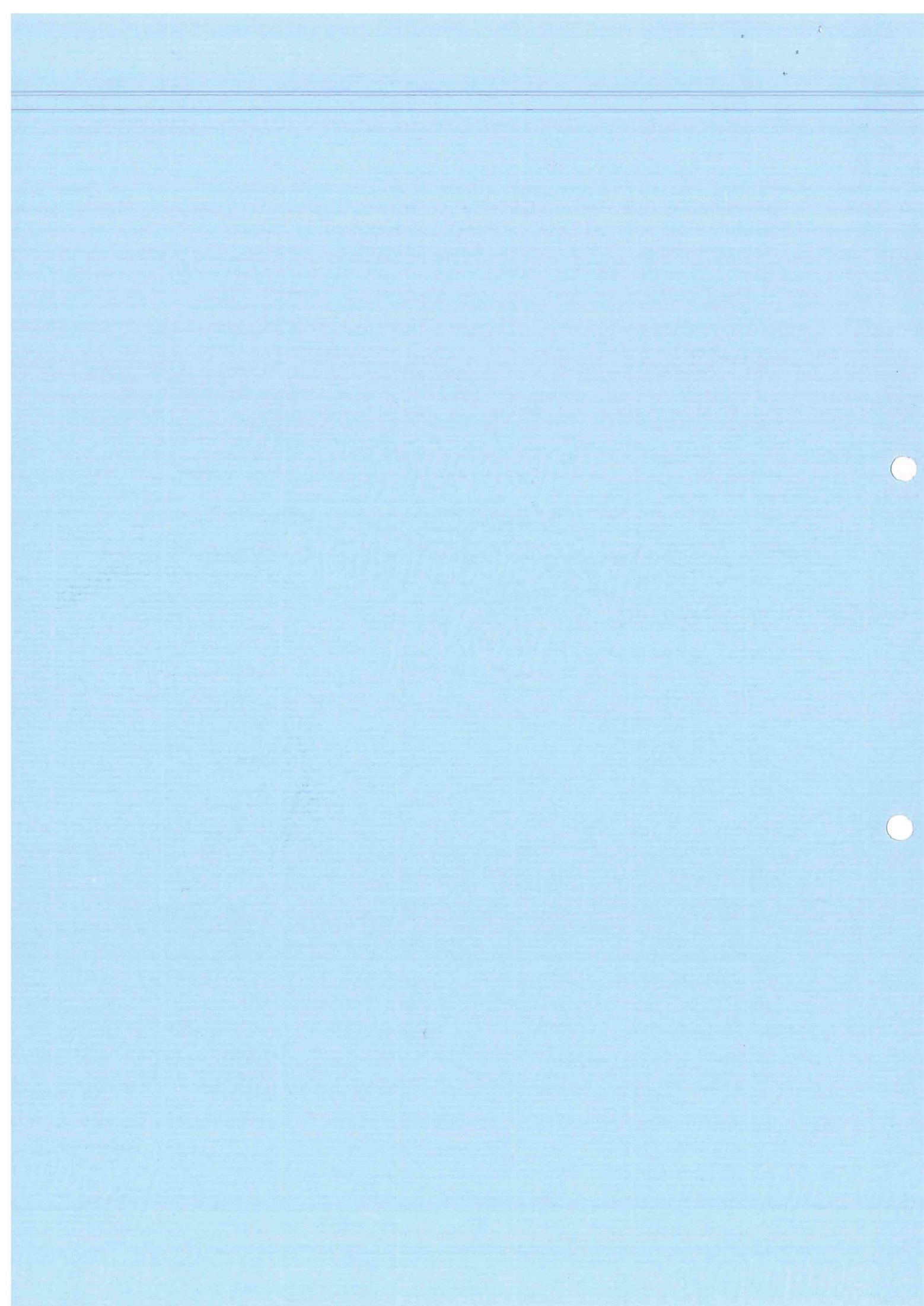
NOTICE OF MOTION

Subject: Adoption of report of a Committee

Hon. Speaker, I beg to give notice of the following motion:-

— THAT, pursuant to Standing Order 196, this Assembly adopts THE 17<sup>TH</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE SUPPLEMENTARY BUDGET ESTIMATES (I) FOR THE FY 2023/2024 FOR THE NAIROBI CITY COUNTY GOVERNMENT AND NAIROBI CITY COUNTY ASSEMBLY, laid on the table of the Assembly today, Tuesday, 23<sup>rd</sup> April 2024.

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





**NAIROBI CITY COUNTY ASSEMBLY**

**THIRD ASSEMBLY – THIRD SESSION**

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**17<sup>TH</sup> REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET  
AND APPROPRIATIONS**

**ON**

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**THE SUPPLEMENTARY BUDGET ESTIMATES (1) FOR THE FY 2023-24 FOR THE  
NAIROBI CITY COUNTY GOVERNMENT AND COUNTY ASSEMBLY**

**APRIL 2024**

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## 1.0 PREAMBLE

### 1.1 Background

**Mr. Speaker Sir**, the drafters of the legal framework mandated to guide the budget making process at both levels of government, out of abundance of caution, laid an elaborate framework meant to ensure that those entrusted with public office remain true to their oaths and keep the promises that propelled them to power. The drafters like the Jewish prophets discerned before time that without clear marking of the beacons of good governance, the masses would most likely miss out at the high table of opportunities in terms of service delivery. The law in question being the Public Finance Management (PFM) Act, 2012 has set out in clear literature what should be considered at the time of preparing the annual budget, how that budget should be dispensed with, when it should be revised if at all and the boxes that must be ticked when such revision is being undertaken.

Guided by the express provisions of Sections 135 and 154 of the PFM Act, 2012, **Mr. Speaker Sir**, the County Executive Committee Member for Finance forwarded to the County Assembly the First Supplementary Budget Estimates for the FY 2023-24 for consideration and subsequent approval. These Supplementary I Revenue and Expenditure Estimates for the FY 2023-24 were submitted to the County Assembly and therefore tabled on 20<sup>th</sup> March 2024 pursuant to the provisions of Section 135 of PFM Act, 2012, the Public Finance Management (County Government) Regulations 2015 and Standing Order 234.

Having been laid, the estimates were committed and considered by the Nairobi City County Assembly Finance, Budget & Appropriations Committee established pursuant to the provisions of Standing Order 205 and mandated 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*

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**Mr. Speaker Sir**, the County Assembly Finance, Budget & Appropriations Committee that spearhead the consideration of these supplementary estimates is made up of the following 22 Members:

1. **Hon. Wilfred Oluoch Odalo, MCA** – Chairperson
2. **Hon. Emily Oduor, MCA** – Vice Chairperson
3. Hon Anthony Kiragu, MCA
4. Hon. Moses Ogeto, MCA
5. Hon Mark Mugambi, MCA
6. Hon. Jeckoniah Onyango, MCA
7. Hon. Catherine Apiyo Okoth, MCA
8. Hon. Jane Muasya, MCA
9. Hon. Asli Muhamed, MCA
10. Hon. Jane Wanjiru, MCA
11. Hon. Rosemary Masitsa, MCA
12. Hon. Perpetua Mponjiwa, MCA
13. Hon. Collins Ogenga, MCA
14. Hon. Fathiya Abdillahi Mohamed, MCA
15. Hon. Sam Kago, MCA
16. Hon. Anthony Ngaruiya Jasho, MCA
17. Hon. Paul Ndungu, MCA
18. Hon. Ciciliah Wairimu Njathi, MCA
19. Hon. Waruguru Kanyi, MCA
20. Hon. Joyce Kamau Muthoni, MCA
21. Hon. Waithera Chege, MCA
22. Hon. Susan Makungu, MC

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## 1.2 Committee Secretariat

The County Assembly Budget Office offered technical support to the Committee during the consideration of the revised estimates under the guidance of the following officers: -

1. Mr. Erick Otieno - Principal Fiscal Analyst/ Head of Budget Office
2. Mr. Wilfred Manyi - Senior Clerk Assistant/ Committee Clerk
3. Mr. Alphonse Ouma - Senior Fiscal Analyst

## 1.3 Examination of the Supplementary Estimates (I) for the FY 2023-24

**Mr. Speaker Sir**, in adherence to Article 196(1) (b) of the Constitution that requires the County Assembly to facilitate public participation and involvement in the legislative and other business of the Assembly and its Committees, an advert inviting the public for a physical hearing as well as submission of memoranda was placed on the Nation and Standard Newspapers of Wednesday 27<sup>th</sup> March 2024. Moreover, in line with the County Assembly Standing Orders 228 and 234 that require the engagement of other stakeholders on the budget before any determination on the estimates, the Committee had a consultative meeting during which it heard submissions from the County Executive led by the Executive Committee Member for Finance, the Chief Officer for Finance and the County Assembly Service Board represented by the Clerk to the County Assembly. These deliberations focused on the rationale for the proposed reallocations on the approved annual budget estimates as well as policy issues that would breathe life into and hydrate the County budget making process.

The Committee after receiving these submissions from the stakeholders met to make determinations on the proposals whose end product is this report that has been submitted for the County Assembly's approval.

## 1.4 Acknowledgment

**Mr. Speaker Sir**, the Committee expresses its gratitude to: -

- a) Offices the Speaker for granting permission for the Committee to meet at a time the House was on a short recess;



- b) The office of the Clerk for the support accorded during the entire process of consideration of the revised estimates;
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- c) The County Executive and the /County Treasury led by the County Executive Committee Member for Finance and the Chief Officer for Finance for appearing before the Committee to explain the rationale for the proposed changes;
- d) Members of the Finance, Budget and Appropriations Committee who forfeited their short recess and dedicated their time to ensure that the consideration of these revised estimates is achieved within stringent timelines;
- e) Chairs of Sectoral Committees and their respective Clerk Assistants who facilitated the consideration of these Supplementary Estimates in the Sectoral Committees; and
- f) The County Assembly Budget Office who continually provided guidance to the Committee on the estimates.

**Mr. Speaker Sir**, on behalf of the Committee it is therefore my utmost privilege to table this report on the First Supplementary Budget Estimates for the FY 2023-24 and recommend it to the Assembly for adoption.

Signed.....

Date.. 23/04/2024 .....

**Hon. Wilfred Oluoch Odalo, MCA**  
**Chairman: Finance, Budget and Appropriations Committee**

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## 2.0 SCRUTINY OF THE NAIROBI CITY COUNTY SUPPLEMENTARY BUDGET ESTIMATES (I) FOR THE FY 2023-24

### 2.1 OVERVIEW OF THE APPROVED BUDGET FOR THE FY 2023-24

1. **Mr. Speaker Sir**, in the approved annual budget estimates for the Financial Year 2023-24, the County Assembly had approved a total budget of Kshs. 42.3billion out of which Kshs. 28.3billion had been earmarked for recurrent expenditures and Kshs. 14billion set aside for development initiatives representing 33.1% of the overall budget. The law states that the budget should have allocation of at least 30% meant for development projects. The approved budget was aimed at providing a clear runway for realization of the aspirations of the Third County Government including rolling out of the School Feeding Programme, installing the five boroughs, completion of WDF projects, construction of stadia, issuance of bursaries, supporting talent development through battle of choirs and Nairobi Festival among other key expenditure lines.

2. **Mr. Speaker Sir**, the half year revenue and expenditure report submitted to the County Assembly indicates that at the end of December 2023, commitments and expenditure totals to Kshs. 20.6billion with Kshs. 4.6billion being development expenditure and Kshs. 16billion for recurrent expenditure translating to an absorption rate of 33% and 57% respectively. On the revenue side, the County realized Kshs. 3.81billion from own source and received Kshs. 8.33billion as equitable share.

### 2.2 COMPLIANCE OF THE SUBMITTED SUPPLEMENTARY I BUDGET ESTIMATES TO THE PREVAILING LEGISLATION

3. **Mr. Speaker Sir**, the budget making process for the County Governments is a methodological process guided by the indelible provisions of the Public Finance Management Act, 2012 which among others dictate the timelines, manner and form within which budget documents should be prepared and submitted to the County Assemblies for consideration and subsequent approval. The role of ensuring that stakeholders in the budget process remain in line as far as

compliance to the above provisions of the law is concerned has been placed on the untiring shoulders of the Finance, Budget and Appropriations Committee. This Section of the report would therefore aim to point out the extent to which the submitted supplementary budget has aligned itself to the contemporary provisions of law.

4. **Mr. Speaker Sir**, this compliance cannot start without reminding the house that the provisions of law anticipate that supplementary budget should only be prepared to take care of matters that were unforeseen during the preparation of annual budget estimates and which must remain unavoidable during the time of preparing the supplementary budget. This provision is meant to guarantee the consumers of the County budgets that executive officials and elected representatives shall not hoodwink the populace with flowery proposals in the annual budgets only to turn around and completely change tact through revised budgets. Budgets are instruments for change, change that must be implemented in a manner that is clear, predictable and that which inspires confidence that the process is above board. In review of this supplementary budget before the County Assembly, the Committee observed that to a great extent the County Executive had complied with the above provisions in its preparation and any areas of departure from the legal norm shall be pointed out for improvement.
  
5. Moreover, **Mr. Speaker Sir**, the provisions of Section 135 (7) of the PFM Act, 2012 requires the county government not to spend more than ten percent of the amount appropriated by the County Assembly for that year unless that county assembly has in special circumstances approved a higher percentage. This requirement is further reinforced by the provisions of Regulation 39 of the PFM (County Government) Regulations 2015 that limits the Accounting Officers expenditure to 10% of the approved budget estimates of a program of sub vote and with any over expenditure above the set threshold requiring the express concurrence of the County Executive Committee Member responsible for Finance. In deed, Regulation 39 (9) is emphatic that in approving any Supplementary Budget Estimates the County Assembly shall be vigilant to ensure that such approval does not exceed 10% of the amounts appropriated in the annual estimates save for clear instances of unforeseen and unavoidable circumstances. Review

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of the submitted estimates put the increases of recurrent expenditures for Green Nairobi at 40%, Boroughs at 11%, Health at 23%, Mobility at 58%, Business and Hustler Opportunities at 20%. The Committee continues to urge the accounting officers to always implement approved budgets in tandem with these provisions of the law.

6. **Mr. Speaker Sir**, the Committee has in the past emphasized that the County Government cannot afford to continue budgeting based on anecdotal evidence thereby riveting the preparation of supplementary budgets in our annual calendar. The Committee reiterates that planning for preparation of a supplementary budget in advance amounts to poor fiscal planning, gambling with resource allocation and laying over-emphasis on budget realignments at the expense of budget implementation. Further, it is noteworthy that part of the rationale fronted for the preparation of the revised estimates in as much as they are legally sound, could have been avoided had proper planning been embraced. Again, the Committee emphasizes **Mr. Speaker Sir**, that the underpinning law did not forecast in any way that supplementary budgets should become part and parcel of the budget cycle hence their preparation should be spontaneously forced by matters which are unavoidable and beyond control. The Committee urges the County Treasury to be alive to these provisions in any event they wish to come up with a supplementary budget.

7. **Mr. Speaker Sir**, it is anticipated in the provisions of law that supplementary budgets are instruments meant to affect budgets under implementation. It is for this reason that the County Assembly has in the past resolved that any supplementary budget submitted to the County Assembly for approval should be accompanied by a budget summary which should among others detail the rationale for preparation of the revised budget, how the revisions affects the outputs contained in the annual estimates, the link between the revisions and the fiscal objectives approved in the County Fiscal Strategy Paper and how the revised budget deviates from the strategic direction approved through prior budget documents. Further, the Committee has in the past resolved that in order to ensure effective oversight the County Treasury should include in the submitted supplementary budget estimates information on the level of payments and commitments. The Committee noted that these two critical pieces of information were lacking

in the submitted supplementary budget making its review by the County Assembly an impossible task. The level of payments and commitments should pinpoint the extent to which the submitted supplementary budget has complied with Section 135 and 154 of the PFM Act, 2012 as well as the attendant regulations.

8. **Mr. Speaker Sir**, on the recurrent budget estimates for the County Assembly are provided by annual County Allocation of Revenue Act, the provisions of Section 130 (3)(4) (5) and (6) of the PFM Act, 2012 provide mechanisms of dealing with the County Assembly unspent amounts. The amendments enacted through the County Allocation of Revenue Act, 2022 provided mechanisms of ensuring that the approved budget ceilings for the County Assembly are not affected by either inefficiency at the respective County Treasuries or cash flow challenges due to exchequer issues. The law requires that the County Executive Committee Member for Finance introduces to the County Assembly an appropriation bill or a supplementary appropriation bill for appropriation of the unspent amounts due to the County Assembly with the timeline for the supplementary appropriation bill placed at not more than two months after the beginning of the financial year. The submitted independent budget for the County Assembly Service Board has placed the figure for the unspent amounts at about Kshs. 356million. Strict reading of the above provisions of law require that the Supplementary Budget for the amounts unspent should have been submitted to the County Assembly by the end of August 2023. The Committee appreciates that this timeline might be too early in the day for the County Treasury to start engaging in matters supplementary budget but insists that compliance to the law has no holidays and mechanisms must be determined to ensure compliance. Going forward, the Committee anticipates that if such scenario arises then the County Treasury shall make realignments on the budget that only accommodate the unspent balances for the County Assembly Service Board and submit the same to the County Assembly for approval within the timelines required by law.

## **2.2 SUMMARY OF ADJUSTMENTS TO THE APPROVED ANNUAL BUDGET**

9. **Mr. Speaker Sir**, the submitted Supplementary 1 Budget projects that the overall County budget for the FY 2023-24 shall equal Kshs. 42.28billion out of which Kshs. 33.81billion shall be

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directed towards recurrent while Kshs. 8.47billion shall be for development programmes. Out of this total projected expenditure, personnel emoluments is projected to consume Kshs. 18.52billion or about 44% of the overall revised budget. The revised budget for the County Assembly is projected at Kshs. 2.44billion, being Kshs. 2.02billion for recurrent expenditure and Kshs. 415billion for development expenditure.

**10. Mr. Speaker Sir,** review of the submitted Supplementary Budget Estimates highlights the following as the areas most affected by the revisions and reallocations: -

- i. Expenditure on wages and salaries be increased by Kshs. 3.12billion;
- ii. Additional allocation of Ksh.140million for Emergency Fund to combat Disaster and Response Recovery within Office of the Governor and Deputy Governor sector;
- iii. To support the County's expanded fleet the allocation for lubricants, repairs and maintenance be increased by Kshs. 200million;
- iv. Setting aside of Ksh. 51million for purchase of Green Army Uniforms and Kshs. 60million for purchase of PPEs for the Fire personnel;
- v. That in order to reduce pending bills an additional Ksh.300million be set aside for payment of KEMSA pending bills, Kshs. 330million for KPLC pending bills and an additional Kshs. 1billion for recurrent related pending bills;
- vi. In ensuring prudent fiscal discipline intended to safeguarding the interest of those who trade with the county an additional Ksh.330million development allocation for settlement of pending bills;
- vii. In order to enhance solid waste management an additional allocation of Ksh.600million be made for contracted guards and cleaning services under Green Nairobi;
- viii. In ensuring infrastructural development, the allocation for Roads Materials under Mobility and Works Sector has been increased by Kshs. 300million;
- ix. Rationalize the County Assembly's development expenditure downwards by Ksh.800million;
- x. That the overall development allocation be reduced by Ksh.5.5billion; and
- xi. The overall budget be reduced by Kshs. 44million.

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### 2.3. PUBLIC PARTICIPATION ON THE SUPPLEMENTARY ESTIMATES

11. **Mr. Speaker**, the guiding legal framework has placed great premium on the definitive role of the public on any affair that impacts on their lives and it is for this purpose that the provisions of Article 221 (5) of the Constitution and Section 131 (2) of the PFM Act, 2012 require that before the Assembly considers the estimates, the relevant Committee in finalizing its recommendations on the budget estimates to the Assembly shall take into account the views of the public in the proposed recommendations. In compliance to these legal provisions and to ensure that members of the public are integrated as major stakeholders in the budget process, the County Assembly placed an advert on the dailies seeking the written comments on the supplementary estimates. However, at the end of the allocated time for public participation, two members of the public showed up with no written memorandum on the revised budget estimates received.

12. It is noteworthy, **Mr. Speaker Sir**, that the law anticipates that policy makers should give those likely to be affected by policy decisions the opportunity to participate on such matters including budget formulation but failure to do so should not in any way slam the breaks on the legislative process. Therefore, the Budget Committee has proceeded and finalized its report on the supplementary estimates as required by the provisions of Section 135 of the PFM Act, 2012.

### 2.4. SUBMISSIONS FROM SECTORAL COMMITTEES

13. **Mr. Speaker Sir**, the Nairobi City County Standing Order 205 (6) requires that the Budget Committee shall invite Chairpersons of all Sectoral Committees to make presentation during consideration of the budget. The Sectoral Committees of the County Assembly have an essential duty of not only ensuring that the resources allocated to departments within their watch are adequate for the intended sector priorities but also to confirm to this Assembly that there is value for money in all such undertakings. Further the Sectoral Committees are expected to certify the sector achievements and the viability of any mitigating measures. After considering the contents of the Supplementary Budget, the Committees are then required to submit their

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recommendations to the Finance, Budget and Appropriations Committee. In this regard, therefore the Budget Committee commends all those Sectoral Committees who diligently reviewed their supplementary budget for the FY 2023-24.

14. The following were the key recommendations of the Sectoral Committees.

**A. Labor & Social Affairs Committee**

**i. County Public Service Board (CPSB)**

- That the submitted Supplementary 1 Budget for the Board shall be approved as proposed.
- That Kshs. 10million under the development expenditure allocation, intended for renovations of its offices that had been earlier scrapped, be reallocated.
- That development budget for the Board remains unchanged since the procurement process for the planned project is at an advanced stage.

**ii. Public Service Management Sector**

- That the Sector be allocated a total of Kshs. 966million for various programs as below;
  - Medical Insurance at Kshs. 400million, retirees at Kshs. 300million, contracted Professional Services at Kshs. 14million, pending bills at Kshs. 232million, construction of training school at Kshs. 20million.

**iii. Social Services Sub Sector**

- That the Sub-Sector be allocated Kshs. 7million in Supplementary 1 Budget for purchase of food and medical equipment required to run Mji Wa Huruma home for the elderly.

**iv. Gender and Inclusivity Sub Sector**

- That the Sub-Sector be allocated Kshs. 100million for amongst others provision of Sanitary kit for vulnerable girls.

**v. Youth Affairs Sub Sector**



— That the Sub-Sector be allocated an additional Kshs. 2million through budget rationalization from the recreation section development budget for FY 2023-2024

## B. Water and Sanitation Committee

— That the Sub-Sector’s development budget be increased by Kshs 167M as follows: -

- Kshs. 47million for the Dagoretti Training School sewer expansions.
- Kshs. 30million for Dandora dumpsite weighbridge office sewer extension.
- Kshs. 10million to support Dishu na County with WASH (Water, Sanitation, and Hygiene) facilities handwashing facilities and sanitation improvement.
- Kshs. 80million for sewer connections of new toilets upon commissioning of Uhuru Park.

— That the Sub-Sector’s recurrent budget be increased by Kshs. 101.5million for deterrent against water contamination and water transmitted diseases during the current ongoing rains that may lead to waterborne diseases as a mitigation measure the subsector plans to procure hygiene promotion commodities.

## C. Health Services Committee

— That the Sector recurrent expenditure in the supplementary 1 budget be approved with an additional Kshs. 1billion for: -

- Procurement of pharmaceutical technologies at Kshs. 600million.
- Pay personal allowances arrears for 366 nurses at Kshs. 140million.
- And Kshs. 260million for the Sector’s newly recruited employees.

— That the Sector’s development expenditure of Kshs. 894million in the supplementary 1 budget be approved as proposed with additional of kshs. 389million for the various programs as contained in the supplementary 1 budget.

HWN Budget	Total	Expenditure	Balance	Additional
Recurrent	7,071,303,336	4,411,551,244	2,659,752,092	1,000,000,000

Development	1,129,000,000	525,929,223	603,050,777	389,000,000
Total	8,200,303,336	4,937,500,467	3,262,802,868	<b>1,389,000,000</b>

#### D. Agriculture, Livestock and Fisheries Committee

- That the Sector’s recurrent budget be retained at Kshs. 294million as per the approved Budget Estimates FY 2023/2024 to facilitate the Sector’s current staff payroll, the ongoing staff promotions and payment of the utility bills amounting to Kshs. 12million.
- That development budget for the Food and Agriculture Sub- Sector be approved as follows:
  - Kshs. 18.96million for vehicle acquisition.
  - Kshs. 11million for establishment of multi-storey.
  - Kshs. 8.75million for installation of green houses and water harvesting tanks.
  - Kshs. 5million for installation of water harvesting structures (underground reservoirs, tanks) for crop production.
  - Kshs. 20million for construction of poultry (broilers) units & stocking.
  - Kshs. 20million for construction fishponds.
  - Kshs. 16.95million for completion of Animal Clinic.
  - Kshs. 14million for installation of food waste equipment in food markets.
  - Kshs. 5million for establishment of tree Nurseries.

#### E. Trade, Tourism and Cooperatives Committee

- That total budget of Kshs. 29million for Gaming and Betting be reallocated to construction of modern kiosks kitty.
- That the Supplementary 1 Budget for the Business and Hustler Opportunities sector be approved with the adjustments of additional resources of Kshs. 747.74million being Kshs. 75.5million for recurrent and Kshs. 672.24million for development expenditure.
- That the Sub-Sector’s development budget be increased by Kshs. 672.24million as follows:

- Kshs. 608million for Markets.
- ~~Kshs. 14million for Trade and Licensing.~~
- Kshs. 56.5million for Trade and Industry.

— That the Sub-Sector’s recurrent budget be increased by Kshs. 75.5million as follows:-

- Kshs. 10.5million for ground breaking of Juja, Kahawa West and Karen Markets.
- Kshs. 15million for launch of Biashara Stimulus Programme.
- Kshs. 10million for Co-Branding with the proposed strategic Financial Partner.
- Kshs. 13million for payment of staff Perdiem.
- Kshs. 27million for payment of Nyayo House – County Offices Utility bills.

## **F. Planning and Housing**

- That the Committee approves a cumulative increase of the Sector’s recurrent expenditure from Kshs. 367million to Kshs. 416million in line with the adjustments made to specific line items in the tabled Supplementary I Budget FY 2023/2024.
- That on Lands Sub-Sector, the Committee approves of a total of Kshs. 50million being Kshs. 4million survey fees for Kayole site and service schemes, Kshs. 5million for lease processing fees, Kshs. 6million for implementation of valuation roll and Kshs. 5million for catering services.
- That on Lands Sub-Sector pending bills, the committee approves a total of Kshs. 14.38million and Kshs. 14.75million.
- That under Urban Planning Sub-Sector on development expenditures, the Committee approves Kshs. 16million for Local Physical and Land Use Plans and the Physical Address System and Kshs. 10million for purchase of two (2) Double cabs vehicles.
- That under Housing and Urban Renewal Sub-Sector, the Committee approves an upward review of both development and recurrent expenditure at Kshs. 158.4million.
- That under Housing and Urban Renewal, the Committee approves additional funding for pending bills at Kshs. 55million.

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### **G. Children, Early Childhood Education and Vocational Training Committee**

- That Kshs. 92million be re-allocated from Personnel Emolument to Operation and Maintenance being Kshs. 30million for Daily Subsistence Allowance which is for Staff pending claims and upcoming co-curriculum activities in Early Childhood Development & Vocational Training Kshs. 50million for suppliers pending bills, Kshs. 4million for Staff training and Kshs. 8million for foreign travel meant to pay outstanding claims by officers who travelled to Dubai for the International Conference on Information Technology for Higher Education.

### **H. Energy and Information Communication Technology Committee**

- That the Committee recommends that the Energy and ICT Sub- Sector budget for the recurrent programmes be approved as proposed in the various programmes contained in the supplementary 1 budget.
- That the committee recommends that the Energy and ICT Sub- Sector budget for the development programmes be approved as proposed in the various programmes contained in the supplementary 1 budget.

### **I. Transport and Public Works Committee**

- That the Committee approves Kshs. 1.74billion for Recurrent Expenditure.
- The Committee approves an upward review of development budget from Kshs.1.61billion to Kshs. 2.83billion to cater for stalled and left out projects.
- That the Committee approves Kshs. 4.57billion as the aggregated Sector's Supplementary 1 Budget.

### **J. Environment and Natural Resources Committee**

- That the sub-programme on contracted guards and cleaning services (2211305) be allocated Kshs. 900million.
- That Kshs. 97.65million be allocated for the sub-programme for purchase of uniforms and clothing for staff.

- The allocation for the three projects i.e. other projects in Jeevanjee & TRM at Kshs. 96million, Maintenance of the parks at Kshs. 25million and procurement of Trucks and Equipment's at Kshs. 251million be done.
- The access roads (hardcore) project be allocated Kshs. 200million.
- That a provision of Kshs 58.51million for purchase of tools is approved.

#### **K. Ward Development Fund Committee**

- The Committee increases the budget for the Ward Development Programme by Kshs. 359.38million.

#### **L. Culture and Community Services Committee**

##### **i. Liquor Board**

- The Committee recommends re-allocation of Kshs. 20million being Kshs. 5million for software development, Kshs. 5million for purchase of vehicles and Kshs. 10million to be re-allocated for the establishment of rehabilitation centre in Mwiki Ward.
- Recurrent expenditure of Kshs. 10million carried forward from the FY 2022/23 to be utilized/reallocated to fund sensitization and awareness creation activities and half pending bills.

##### **ii. Youth Talent and Sports**

- That the Committee approves the proposed supplementary 1 budget for the purpose of achieving various departmental mandate through targeted activities which include tournaments, capacity enhancement, subscription fee for local teams, equipping the community teams with kits and requirements, identification, nurturing and developing talents and engage in activities that bring about integration (KICOSCA AND EALASCA) as highlighted by the department.
- That the Committee approves an additional financing through budget rationalization and virement from sports department development budget for FY 2023/2024.
- That the Committee approves allocation of enough resources for targeted Sector activities to achieve its mandate that is in line with Governor's Manifesto which includes: annual tournaments, talent development, mainstreaming of PWDs and other vulnerable groups in

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sporting activities, subscription fee for local teams, Governor's sports scholarships and repossession of grabbed sports facilities and reduction of pending bills.

**iii. City Culture Arts and Tourism**

— That the Committee approves a total of Kshs. 116million to cater for battle of the choirs, and pending bills (where Kshs. 61million was to be allocated for battle of choirs and Kshs. 55million to cater for pending bills).

**iv. Public Participation, Citizen Engagement & Customer Care and City Culture, Arts & Tourism**

— That the Committee approves re-allocation of Kshs. 10million for branding of Dandora Stadium, Uhuru Complex, Mama Margret Hospital and other County Facilities (Public Participation, Citizen Engagement and Customer Service, the sector).

**M. Justice and Legal Affairs Committee**

— That daily subsistence allowance (foreign) under the office of the County Secretary be allocated Kshs. 5million.

— That catering services (2210801) be allocated Kshs. 2.5million.

— That Research Department be allocated Kshs. 5million.

— That Kshs. 18million be allocated to cater for CBK Pension Towers rent from May to August, 2024.

— That the Committee recommends figure for publishing and printing services be revised to Kshs. 7.39million from Kshs. 3.2million.

— That allocations in the Office of the County Secretary be as follows: - Kshs. 18million for CBK Pension Towers rent from May to August 2024, Kshs. 12million for Sanitary services, Kshs. 5million for daily subsistence allowance(domestic), Kshs. 5million for daily subsistence allowance(foreign), Kshs. 3million domestic travels, Kshs. 3million for foreign travels, Kshs. 2.5million for catering services, Kshs. 5.5million for purchase of uniforms, Kshs. 7.39million for publishing & printing services and Kshs. 5million for research.

**i. Boroughs and Sub County Administration**

— That Kshs. 150million under the project of construction of Borough Offices be reverted.

~~— That the allocation for the Sub-Sector be approved as follows: - Kshs. 147million for Northern~~  
borough office construction, Kshs. 120million for Southern borough office, Kshs. 11.7million for construction materials of 3 ward offices (Sarang’ombe, Dandora III and Uthiru). Kshs. 2.54million for renovations of Roysambu and Pangani ward offices, Kshs. 17.5million for general office supplies, Kshs. 305million for procurement of other office equipment and Kshs. 6million for office renovations.

**ii. Security and Compliance**

— That the Committee approves re-allocation of resources from construction of training college to operations and maintenance (O&M)

— That Kshs. 50million be allocated for the purchase of uniform for the newly recruited staff.

— That allocations for the department’s budget be increased as stated above.

**iii. Internal Audit**

— That Supplementary 1 Budget for the Sub-Sector be approved as presented.

**iv. Office of the Governor**

— That Kshs. 70million be allocated to facilitate the following Sub-programmes in the Executive Office of the Governor: - Kshs. 60million for County Governance Executive Management and Kshs. 10million for the Executive communication.

**v. Office of the County Attorney**

— That Kshs. 200million be allocated for Legal pending fees and arbitration.

— That allocation for Research, Purchase of Law Library books be increased by Kshs. 5million.

— That Kshs. 3million be allocated for procurement of office furniture

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## 2.5. OBSERVATIONS OF THE COMMITTEE ON THE SUPPLEMENTARY I BUDGET ESTIMATES

**15. Mr. Speaker Sir,** the Committee after scrutiny of the submitted Supplementary I Budget Estimates together with the submissions made by the County Treasury, County Assembly and members of the public has made numerous observations that shall inform part of the recommendations.

**16. Mr. Speaker Sir,** the propensity of the County Government to realize the very progressive ideas contained in the submitted supplementary budget estimates is dependent on the County's ability to realize her revenue potential. The County Treasury in FY2023-24 projected that the County would collect Kshs.19.9billion as own source revenue. However, the quarterly reports from the County Treasury do not paint a rosy picture hence the need for the Nairobi Revenue Authority working together with the County Executive to ensure that the revenue figures contained in the approved budget documents are realized. The Committee has through this Supplementary Budget Estimates rolled out measures aimed at improving internal revenue collection. The Committee associates itself with the comments of His Excellency the Governor during the State of the County Address where he stated that His administration shall embark on implementation of the Sectional Properties Act, regularization of developments, revenue authority getting to work, cleaning the debt records, implementing the unified business permit, vigorous enforcement, focus on customer service and civic education as some of the measures to bolster the internal revenue inflows.

**17. Mr. Speaker Sir,** the provisions of the Public Procurement and Disposal Act, 2015 are explicit that an approved budget should form the basis of any procurement with such contracts entered by the County being binding documents that should not be altered anyhow. During the consideration of this supplementary budget the Committee learnt that there were a number of



projects whose amounts have been rationalized downwards despite the tenders having been awarded for the full amounts appropriated through the annual estimates as approved by this County Assembly. The Committee was not persuaded by the arguments fronted by the County Treasury that they were not privy to information on the signing of these contracts since it is expectation of Section 104 of the PFM Act, 2012 that the County Treasury shall be responsible for implementation of approved budgets as well as promoting efficient and effective use of County resources. It is not lost to the Committee that the financial year is two months away from completion hence it makes no fiscal sense to commit huge resources to projects that are highly unlikely to be completed by the end of the financial year. However, the Committee emphasizes that going forward there should be utmost commitment to implement projects and programmes approved in annual budgets and the contracts entered as part of implementation of such budgets should form basis for any adjustments through the supplementary budgets.

**18. Mr. Speaker Sir**, during the consideration of these Supplementary I Estimates the Committee lauded the efforts demonstrated by the County Treasury to allocate an additional Ksh.2billion to settle pending financial commitments that had hit over Ksh.107billion mark by the beginning of January 2024. Even though the amounts were inadequate, the Committee noted it was a positive step towards settlement of pending bills that had remained in the budget books for a long time. Further, **Mr. Speaker Sir**, the Committee appreciates that the County Government has made a conscious decision to win the confidence of those that trade with the County. In this regard, the Finance sector has been allocated an additional Ksh.330million to settle development related pending bills. The Committee notes that the progress being made should be enhanced within the confines of the law as a footpath towards fiscal discipline thereby avoiding incurring new bills. Specifically, the Committee has directed the County Treasury to ensure that information on breakdown of pending bills to be settled is provided to the County Assembly as resolved in the past and that such information should form part and parcel of submitted budget documents. The Committee has also agreed with the Members of the public who have submitted in the past that the link between increased allocation for pending bills and debt figures contained in the DMSP may need to be determined.

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**19. Mr. Speaker Sir,** in the past the Committee has been vocal in arresting any temptation to introduce new programs, projects and policy directions in supplementary budgets. The roadmap to the approval of the annual budget estimates and the ultimate enactment of the Appropriation Act or Vote on Account as the case maybe is lengthy and riddled with speed calmers meant to ensure that the public are involved at every stage of that journey. The process includes identification of long term development priorities through the Annual Development Plan, setting of ceilings though the County Fiscal Strategy Paper and final approval of the itemized budget estimates. This near ten-month journey shouldn't be washed away by budget reallocations and adjustments that completely introduces new programmes and projects that were not anticipated in the annual estimates or through prior planning documents. Review of these supplementary estimates and the submissions by the various Sectoral Committees the Committee noted that various Sectors including Boroughs, Gender Mainstreaming and Planning had proposed projects that were completely alien to the earlier approved budget estimates. The Committee has advised the various Sectors to shelve such new proposals until the next financial year.

**20. Mr. Speaker Sir,** during the consideration of the Second Supplementary Budget Estimates for the previous financial year the Committee reminded this Chamber that the path to fiscal discipline is not achievable without proper planning and adherence to the various provisions of the law. During the considerations of these revised estimates, it came to the fore that there is need for an additional allocation of Ksh.3.12 billion for personnel emoluments. The Committee reviewed the aims of employment and noted that some of them are for critical service delivery functions but was concerned that unguarded employment has the potential of crowding out critical resources necessary for service delivery. Further, the Committee is uneasy that any continued employment without commensurate increase in resource mobilization put the County on the red as far as compliance to the 35% threshold on expenditure on wages and salaries is concerned. The Committee urges the Public Service Management Sector and the County Treasury to work hand in hand to ensure that the payroll costs are accurate and verifiable

**21. Mr. Speaker Sir,** expenditure on development and absorption of funds allocated for capital projects remain a mind boggling issue for most Counties with Nairobi City County not being free from blemish. Review of the submitted supplementary budget indicates that the overall development budget is projected to stand at Kshs. 8.5billion being a reduction by Kshs. 5.5billion compared to the figure approved in the annual estimates. That figure would put the development allocation at about 20% of the overall budget thereby offending the provisions of the PFM law. The County Treasury submitted during these deliberations that the County has been facing a myriad of challenges in rolling out the development projects including the turbulent take-off of the e-procurement that has threatened to derail the County's development agenda. The Committee has once again informed the County Treasury on the need to consistently comply with the provisions of the fiscal responsibility principles outlined in Section 107 of the Public Finance Management Act, 2015 and Regulation 25 of the Public Finance (County Government) Regulations, 2015.

**22. Mr. Speaker Sir,** generally, the Finance, Budget and Appropriations Committee has scrutinized the submitted Supplementary I Budget Estimates and is contented that the proposed adjustments and reallocations are well intentioned and shall be proposing the various areas that require amendments for consideration by the House.

### **3.0. RECOMMENDATIONS**

#### **3.1. POLICY ISSUES**

**23. Mr. Speaker Sir,** having reviewed these revised budget estimates, the Committee recommends that in order contained to policy issues contained in the body of this report the following policy measures be approved and implemented: -

- 1) That going forward and in compliance with the provision of Section 130(1)(a) of the PFM Act, 2012 the County Treasury shall submit a budget summary which at a glance would provide a synopsis on the rationale for revised estimates;
- 2) That in all supplementary budgets the targets contained in the Program Based Budget shall be aligned to the itemized budget in line with the adjustments in the resource allocations;

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- 3) That supplementary budgets submitted for approval shall contain information on the extent of budget implementation for both recurrent and development vote;
  - 4) That amounts allocated for Emergency Fund be utilized in line with the provisions of Section 110-115 of the PFM Act, 2012;
  - 5) That as part of itemized budget submitted to the County Assembly for approval, the various sectors shall include separate columns on the contract sums for each of the tendered works, whenever applicable, with specific details on amounts payable within the year under consideration;
  - 6) That going forward and in line with the provisions of Section 130 (3) (4) (5) and (6), the County Treasury shall submit supplementary budgets to re-appropriate the unspent balances for the County Assembly within the timelines anticipated in law and using the procedure contained in section 2 of this report.
  - 7) That measures be initiated to improve performance of Own Source Revenue and such measures be submitted to the County Assembly periodically for review;
  - 8) That in line with the provisions of the Public Procurement and Disposal Act, 2015 the County Executive through the various Accounting Officers shall ensure that projects and programmes approved in the annual budgets are implemented as approved and contracts entered as part of such implementation form the basis of any adjustments through supplementary budgets;
  - 9) That Supplementary budgets submitted for approval should contain, separately, information on amounts already utilized and the new amounts being requested; and
  - 10) That in line with the provisions of Sections 135 and 154 of the PFM Act, 2012 the reallocations and adjustments to the annual budget be approved as contained in the submitted Supplementary Budget while taking into account further adjustments contained below.

### **3.2. DEVELOPMENT BUDGET ALLOCATION**

- 4.0. That in compliance with the provisions of Section 107 (2) (b) of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance shall ensure

that **over the medium term** i.e. FYs 2023-24, 2024-25 and 2025-26, the allocation and expenditure on development does not fall below 30% of the overall budget.

- 5.0. That as part of the enhanced allocation for road maintenance the following wards be prioritized in the FY 2023-24: -
- Embakasi Ward
  - Kahawa Ward
  - Matopeni/Spring Valley Ward
  - Nairobi West Ward

### **5.1. BUDGET REDUCTIONS**

- 1) That the development allocation for the County Assembly be reduced by Kshs 115million.
- 2) That the allocations for operations and maintenance across all Sectors be reduced by 10%.
- 3) That all related allocations for foreign travel be knocked off the budget.
- 4) That the allocation for development related pending bills be reduced by Kshs. 300million.
- 5) That the allocation for general insurance be reduced by Kshs. 95million.
- 6) That the allocation for Electricity be reduced by Kshs. 130million.
- 7) That the specific budget reductions in the submitted supplementary budget be approved

### **5.2. BUDGET INCREASES**

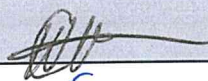

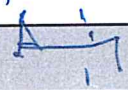
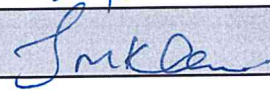
- 1) That the allocation for legal pending bills be increased by Kshs. 80million.
- 2) That the recurrent budget for the County Assembly be increased by Kshs. 356million.
- 3) That the recurrent allocation for Environment Sub- Sector under Green Nairobi Sector be increased by Kshs. 200million.
- 4) That the allocation for building materials under Mobility and Works Sector be increased by Kshs. 100million.
- 5) That the development allocation for Green Nairobi be increased by Kshs. 150million.
- 6) That an additional allocation of Kshs. 5million be provided for purchase of uniforms under Inspectorate Services.
- 7) That an additional allocation of Kshs. 100million be provided to take care of training expenses for the newly recruited constables.

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- 8) That Kshs. 20million be provided under the Inspectorate Services for development of Service Standing Orders, development of relevant policies, development of regulations and review of the existing statute (s).
  - 9) That the development allocation for WDP be increased by Kshs. 100million.
  - 10) That the allocation for gender mainstreaming be increased by Kshs. 20million.
  - 11) That the allocations for bursaries be increased by Kshs. 120million.
  - 12) That the development allocation for the Built Environment Sector be increased by Kshs. 66million.
  - 13) That the recurrent allocation for the Office of the Governor be increased by Kshs. 30million.
  - 14) That the specific budget increases to the submitted supplementary budget be approved.

**Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 135, 154 of the Public Finance Management Act 2012 and Standing Order 234 the Select Committee on County Finance, Budget and Appropriations recommends that:**

**“This County Assembly adopts the 17<sup>th</sup> 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 2023-24”**

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 Nairobi City County Supplementary (I) Budget Estimates for the FY 2023-24 as adopted by the Committee on 23<sup>rd</sup> day of April 2024

NAME	SIGNATURE
1) Hon. Wilfred Oluoch Odalo, MCA	
2) Hon. Emily Oduor, MCA	EDD
3) Hon Anthony Kiragu, MCA	A.K
4) Hon. Moses Ogeto, MCA	
5) Hon Mark Mugambi, MCA	
6) Hon. Jeckoniah Onyango, MCA	J.O.O.
7) Hon. Catherine Apiyo Okoth, MCA	CAO
8) Hon. Jane Muasya, MCA	JM
9) Hon. Asli Muhamed, MCA	A.M
10) Hon. Rosemary Masitsa, MCA	R.M.S
11) Hon. Perpetua Mponjiwa, MCA	PMO
12) Hon. Collins Ogenga, MCA	C.O.O
13) Hon. Fathiya Abdillahi Mohamed, MCA	
14) Hon. Sam Kago, MCA	S.K
15) Hon. Anthony Ngaruiya Jasho, MCA	
16) Hon Paul Ndungu, MCA	P/N
17) Hon Ciciliah Wairimu Njathi, MCA	
18) Hon Waruguru Kanyi, MCA	W.K
19) Hon Joyce Kamau Muthoni, MCA	
20) Hon Waithera Chege, MCA	
21) Hon Susan Makungu, MCA	
22) Hon. Jane Wanjiru, MCA	